Drugging America
A Trojan Horse
Second Edition

FBI, CIA and Other Insiders Reveal the Source of Greatest Harm, And Greatest Threat, to America’s Men and Women; The Trojan Horse-Like Corruption and Culture in the Arrogant and Corrupt “War-On-Drugs” by America’s “Leaders”

Rodney Stich
Former Federal Agent and Author of Other Books
## Drugging America—A Trojan Horse

Second Edition

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INTRODUCTION

*Drugging America* details and documents the arrogant and corrupt war on drugs that is more of a war against the people, implicating people in key offices in the three branches of government. The explosive book, *Drugging America--A Trojan Horse*, exposes the arrogant and corrupt side to the government’s sham war-on-drugs, how it threatens everyone, and how it inflicts devastating financial and personal tragedies upon thousands of men, women, and families.

Much of the information stated in these pages, and the other books written by former federal agent Rodney Stich, is based upon the actual discovery of these insiders, either what they discovered, or what they were involved in.

A coalition of government agents and deep-cover operatives (FBI, CIA, DEA, INS, Customs, ONI and others) reveal government corruption that is undermining, like a Trojan horse, the government and the people of the United States. Also contributing to the book’s contents are police officers, Mafia family members, and former drug traffickers, some of who were houseguests to Colombian drug lords.

The book’s contents will help the readers by showing:

- That the present national attention on terrorists from outside the United States diverts attention from the far greater Trojan horse type of threat,. This source has constituted a greater threat, and has inflicted great harm upon the men, women, and children of the United States, that external terrorists have done. This Trojan horse “terrorism” source consists of corrupt people in key government offices.
- Why drug smuggling has not been reduced, despite the billions of taxpayers dollars spent, and use of thousands of government agents, government informants, and government prosecutors.
- Why the drugs keep entering the United States. The CIA and other allies in government have been smuggling drugs into the U.S. for decades, often in collusion with foreign drug cartels and organized crime groups, while government and non-government checks and balances act to keep the public ignorant of these crimes.
- Learn who are the real criminals in the “war-on-drugs,” and who simultaneously charge innocent people or those committing minor drug offenses with drug offenses resulting in long prison sentences!
- The people in government engaging in cover-ups, including the various divisions of the U.S. Department of Justice, congresspersons, federal judges, and much of the broadcast and print media.
- That an army of government informants, agents, and prosecutors prey upon America’s men and women, often fraudulently charging them with drug-related offenses, often using known perjured testimony, resulting in long prison sentences for tens of thousands of men and women, many of whom are totally innocent, or innocent of the exaggerated charges.
- How to reduce your chances of being falsely charged and sent to prison, maybe for life, regardless of innocence.
- How drug users and small dealers are sentenced to long prison terms while major drug traffickers are protected by an army of government personnel.
- America’s political prisoners, including government agents and ordinary
people, falsely charged by Justice Department officials seeking to prevent the exposure of government in drug smuggling operations.

• Killings and mysterious deaths of people exposing high-level government corruption.
• Shows the worsening lying by U.S. leaders in the three branches of government.

Drugging America is a literal college course on understanding the inner secrets of the government’s arrogant and sham war on drugs. It has the potential to bring about the release from federal prison of thousands of men and women fraudulently charged, or sentenced to long prison terms totally out of proportion to the nature of the charged or actual offense.
ABOUT THE AUTHOR

Rodney Stich has a long history of insider activities that provided him the training and the opportunity to discover vast areas of misconduct in government offices. These experiences have put him into close contact with dozens of other former and present government agents and other insiders who also discovered corruption in government. Between their several hundred years of combined experience, exposed to criminal and even subversive activities in government, many of their findings are revealed in the books that Rodney Stich has written. The purpose of these books has been to inform those people who want to be informed, and reveal to them the hardcore misconduct that is inflicting great harm upon national security and the lives of countless numbers of people. Further, to motivate enough people to show long-overdue outrage, to show courage, and to show long-over patriotic reaction.

Aviation Background Started Before the Pearl Harbor Attack

The author’s background in aviation started while he was in the U.S. navy prior to the December 7, 1941, attack on Pearl Harbor. He had joined the navy at the age of 17 and after training he became a radioman on a PBY Catalina seaplane. He was based temporarily on Midway Island before the Japanese attack that was a major turning point in the war. He was selected for pilot training and received his Navy wings first as a Naval Aviation Pilot (enlisted pilot) and then as a Naval aviator (commissioned officer).

He became an instructor in advanced PBY training at Jacksonville, Florida and then training as a Patrol Plane Commander in the Navy PB4Y-1 (Liberator) and PB4Y-2 (Privateer). Stich was the youngest Navy Patrol Plane Commander during World War II. Stich received his wings at the Pensacola Naval Air Station at approximately the same time that George Bush senior received his Navy wings at Corpus Christi.

Worldwide Commercial Airline Experience

After World War II, Stich flew for the airlines flying captain in domestic and international operations. He was checked out as captain on virtually every type of plane flown by U.S. airlines, including the double-deck Boeing Stratocruiser, Lockheed Super Constellation, DC-4, DC-3, Martin 202, Convair 340, Curtis C-46, Lockheed Electra, DC-8, and Convair 880.

He was one of the first pilots licensed by Japan, holding Japanese pilot license number 170. He was also one of the first captains for Japan Airlines, during which time his copilots were former Japanese military pilots from World War II.

The Saturday Evening Post had written a series of three articles in 1950 about the pilots at his primary airline, Transocean Airlines. The articles were titled, “The Daring Young Men Of Transocean Airlines.”

In those days, flying overseas, especially in the Middle East, were pioneering experiences, encountering situations that no airline pilot today encounters. In one instance, in 1953, he found himself at the center of a revolution in Iran, which he later learned was engineered by the CIA. He flew Muslim pilgrims to Mecca and Medina on the Hajj during the Muslim holy period. He may have been the only pilot to take pilgrims to Medina, where he landed in the desert outside of the holy city. He resided in Jerusalem, Ramallah, Beirut, Tehran, and
Abadan, visited Palestine refugee camps, and associated with the residents who were, in those days, friendly to the Americans.

He had his share of inflight emergencies, including engine failures, engine fires, sudden closing of virtually all airports at his destination, serious icing problems on the North Atlantic, sudden shortage of fuel when the head winds over long over-water flights became more adverse than forecast.

**Aviation Safety Agent for Federal Government**

Eventually he left airline flying and became a federal aviation safety agent for the Federal Aviation Administration (FAA). He was responsible for conducting flight checks of airline pilots, evaluating their competency, issuing government ratings, evaluating safety matters and preparing reports on safety problems and recommended corrective actions.

**Assignment to Halt Worst Series of Air Disasters in U.S. History**

Eventually, the federal government gave him the assignment to correct the conditions causing the worst series of airline crashes in the nation’s history. It was here that he discovered the deadly politics of air safety and corruption in government offices. To circumvent the blocks preventing the federal government from carrying out its aviation safety responsibilities, Stich exercised legal remedies in ways that had never before been done. He acted as an independent counsel, conducting hearings to obtain testimony and additional evidence that showed the deep-seated culture in the government’s aviation safety offices that enabled countless numbers of preventable aviation tragedies to occur. The events of September 11, 2001, would be one-day’s consequences of these serious matters.

Unable to correct the deep-seated corruption, Stich left government services and then engaged in other activities seeking to bring to justice the corruption to light. Like a magnet, these activities caused other former and present government agents and insiders to provide him with additional information and evidence of corruption in government offices far beyond the aviation field. These were agents from the CIA, DEA, DIA, FBI, Customs, Secret Service, drug smugglers, and organized crime figures.

**Trojan Horse Corruption and David Versus Battles**

The magnitude of the corrupt and Trojan horse-like criminal and subversive activities, and the harm resulting from them, caused Stich to spend the remainder of his life fighting the escalating corruption in the three branches of government. No other government agent, or whistleblower, revealing hardcore corruption in government offices, had suffered such great harm, as he engaged in years of escalating David versus Goliath battles to protect national interests and halt the harm being inflicted upon the people.

**Over 3,000 Radio and Television Appearances**

He has appeared as guest and expert on over 3,000 radio and television shows since 1978, throughout the United States and in Canada, Mexico, and Europe. He published numerous books, including multiple editions of *Unfriendly Skies*, *Defrauding America*, *Drugging America*, *Terrorism Against America*, and *Lawyers and Judges—America’s Trojan Horses*.

In addition, Stich was a successful entrepreneur, having acquired and developed over $10 million in real estate properties. His properties included mo-
tels, hotels, truck stops, golf courses, rental properties, and land holdings. He used these assets to fund his exposure activities.

The detailed information in these books reveal a pattern of deep-seated corruption in the three branches of government that played key roles in the success of the terrorists on September 11, 2001, and is responsible for many areas of human tragedies, including the sham imprisonment of tens of thousands of men and women. That corruption is another form of terrorism that continues to inflict far more harm upon America and its people in a Trojan horse fashion.

This information he provides in these books can be the most valuable tool to fight the escalating destruction of the United States, its values, its institutions, and its people.

Fighting the vast deep-seated corruption in government offices by himself, Stich has paid a heavy personal and financial price for seeking to protect important national interests.

For more information put "Rodney Stich" into Internet search engines such as www.google.com. For more information about his various books, go to www.defraudingamerica.com and www.unfriendlyskies.com.

Author and former government agent Rodney Stich
Drugging America

A Trojan Horse

Rodney Stich
Decades of Drug Smuggling by Government Agents

The CIA’s role in drug trafficking into the United States has been the subject of investigative magazine and newspaper articles, books, congressional testimony, and television presentations, for decades. I first became aware of this practice in the 1950s while I was an airline pilot for Japan Airlines, based in Tokyo, and while flying in the Middle East transporting Moslem pilgrims to Mecca. During conversations with other pilots, they talked about the drug loads they were transporting for CIA-related activities. At that time there was very little attention given to the drug trade and I was as indifferent to the problem as the remainder of the population.

CIA Drug Smuggling is Only Part of the Problem

The evidence indicates that the CIA started the avalanche of drugs flowing into the United States shortly after being formed in 1947. But along the way, other government entities became implicated in drug smuggling, as will be seen within these pages. In addition to the people and government entities directly involved in drug smuggling, there are the people and government entities who were in the drug smuggling loop, including various state governors, within the White House, the National Security Council, the State Department, and the U.S. military. Further, there are the people and government entities that aided and abetted these criminal activities, including members of Congress, federal judges, and much of the broadcast and print media.

No Absence of Highly Documented Books on the Subject

Dozens of highly documented books have been written by people who investigated the subject or who were involved in some aspect of drug trafficking. One of the first highly detailed books linking the CIA to drug trafficking was Alfred McCoy’s The Politics of Heroin in Southeast Asia published in 1972, and his heavily documented 1991 update The Politics of Heroin, CIA – Complicity in the Global Drug Trade. McCoy was a professor of Southeast Asian history at the University of Wisconsin in Madison and had made an exhaustive study of the CIA’s involvement in drugs while living in various parts of the world. He started investigating the drug trafficking in the 1950s, questioning people in all phases of the drug culture from the growers to the end users. His books describe how CIA helicopters, supposedly fighting communists in Vietnam, were hauling drugs from the fields to distribution points, making
possible the heavy drug sales to American GIs.

**PepsiCo and Coca-Cola Involved in Drugs**

McCoy described the role of the PepsiCo bottling plant in the drug processing. Adolfo Calero was an executive with the PepsiCo bottling plant in Nicaragua, and was identified in several congressional hearings as a known major drug trafficker. He worked with the National Security Council and the CIA in their war activities in Nicaragua. Statements given to me over the years by various deep-cover sources clearly show that the PepsiCo and Coca-Cola companies, or their agents in foreign countries, were involved in the drug business. McCoy described the many people who testified in closed-door congressional hearings for the past twenty years, leaving no doubt that the CIA was primarily responsible for the drug crisis in the United States. He described the pressure put upon the media by the CIA to halt his book.

Many other highly detailed books have been written about CIA drug trafficking by people who were part of the operation. These include, among others, *Dope, Inc.; The Big White Lie; Cocaine Politics; Out of Control; Bluegrass Conspiracy; The Cocaine Wars,* and *The Crimes of Patriots.* But relatively few Americans have read them, insuring that they remain ignorant about the criminal and subversive activities implicating their leaders in government.

**Activist Colonel “Bo” Gritz**

In his book, *Called to Serve,* former U.S. Army Colonel James “Bo” Gritz described his several meetings in May 1987 with Khun Sa, the head of the largest heroin-producing region in Southeast Asia. Gritz had been on a team mission called LAZARUS trying to locate missing prisoners of war when he found evidence of massive heroin production involving the CIA and the military.

**Khun Sa and U.S. Drug Pipeline**

Khun Sa described to Gritz how he sought U.S. help in replacing the heroin crop with another salable commodity and how this offer was refused. Gritz described how heroin production in the Golden Triangle area shot up from 40 tons in the early 1950s to 700 tons in the early 1960s. During the first set of meetings, Khun Sa said to Gritz that he might consider telling who were his largest prior U.S. customers for the heroin, but would not disclose the present customers.

During the second set of meetings in mid-1987, Khun Sa brought his aides together for a meeting with Gritz, at which time the group provided Gritz specific information on who in the United States were his main customers for heroin. Gritz wrote in his book that these U.S. customers included:

- Theodore Shackley (former deputy director for covert operations in the CIA). Shackley was identified by several of my deep-cover sources as being actively involved in drug trafficking.
- Richard Armitage, also CIA, later holding the key position of Assistant Secretary of Defense in the United States. (He also handled much of the drug-money laundering for Khan Sa through Armitage’s connections with the Nukan Hand Bank.) In his defense department position, Armitage was responsible for locating missing POWs. But if these POWs were found and returned to the United States, they could be expected to describe the U.S. involvement in drug trafficking.
Decades of Drug Smuggling by Government Agents

- Daniel Arnold handled the arms and drug sales formerly handled by Armitage. He served as CIA station chief in Thailand.
- Jerry Daniels, a CIA agent who replaced Armitage when Armitage returned to the United States.
- Santos Trafficante, head of one of the many criminal cartels with which the CIA had been doing business for decades.

Gritz’s trip to visit Khun Sa was known to Justice Department officials, who sought to have him arrested on bogus passport charges before he went back to Indochina. Gritz left the United States before this could be accomplished.

Among the many articles on CIA drug trafficking was the April 1988 story in The Progressive. The article described the testimony given by Michael Toliver concerning his flights for the CIA hauling drugs from Central America into the United States, including landing with 25,000 pounds of marijuana at Homestead Air Force Base in Florida. The article stated that Federal Judge Patrick Kelly found the testimony compelling enough that he called it to the attention of President Ronald Reagan, as well as the CIA, the FBI, special prosecutor Lawrence Walsh, and Congress. Judge Kelly directed federal marshals to deliver the transcript of Toliver’s deposition directly to President Reagan. Toliver’s story was broadcast on CBS television’s West 57th Street. According to the article, no one from the Justice Department questioned Toliver about his serious charges.

“George Bush is Up to His Neck in Illegal Drug Running.”

Numerous CIA operatives, including Phillip Agee who worked as a CIA agent for many years, have written about the various criminal activities of the CIA. An Associated Press article (January 29, 1990) quoted from Agee’s speech at Oregon State University in Corvallis: “Bush Is up to his neck in illegal drug running on behalf of the Contras.”

Much of the heroin entering the United States came from Southeast Asia in the Golden Triangle area according to a U.S. News & World Report article (March 26, 1990):

For more than a decade, Khun Sa, the warlord of opium, has flooded Washington with offers to end the poppy production within his Golden Triangle fiefdom in exchange for financial aid. The U.S. has not responded, and this year the region’s crop could double from the levels of just a few years ago. Attorney General Dick Thornburgh unsealed an indictment against the man considered responsible for 40 percent of the U.S. heroin supply. But Sa is not likely to be booked soon. In the remote hills of Burma, a private army of thousands protects him.

U.S.-Initiated Wars, with Heavy Casualties, Provided Logistics For Start of CIA Drug Smuggling into United States

For decades the British and the French controlled the huge drug operations in Southeast Asia, which were taken over by the United States through the CIA in the 1950s. Vietnam was a CIA operation that escalated, either intentionally or unintentionally, providing the logistics for the CIA to greatly expand drug trafficking into the United States.

Many Americans, brainwashed to believe that the Vietnam War was in the interest of freedom and to fight communism, supported the war that sacrificed
the lives of 58,000 Americans. Great numbers were painfully injured and crippled mentally and physically. The phony argument was that the United States could not allow the people of Indochina to decide what type of government they would have, and that if they chose leaders with communist leanings it would harm the United States. Believing that spin from their Washington leaders caused many families to lose sons, husbands, and fathers, just as it had several years earlier in Korea.

**Even in Death the GIs Were Misused as Pawns**

The CIA drug trafficking in Indochina resulted in many American servicemen becoming drug addicts. In addition, the bodies and the caskets of dead soldiers often contained drugs being smuggled into the United States on military aircraft. Plastic-wrapped drugs were shipped into the United States in the bottom of caskets, in body bags, and even in body cavities. Upon arrival at Air Force bases, and especially Travis Air Force Base in California, the drugs would be removed from the caskets and bodies identified by secret codes.

Many articles have been written in the alternative press about this sordid practice. In one instance, an officer from the army’s Criminal Investigation Division uncovered a large-scale heroin smuggling scheme using the bodies of dead GIs. His group filed reports with the Pentagon describing how the bodies were cut open, gutted, and filled with sacks of heroin. Approximately fifty pounds of heroin with multi-million-dollar street value were stuffed into each body.

**Widespread Practice Known or Controlled from Washington**

The cover-ups in the military, in the CIA, in the Justice Department, weren’t isolated rogue acts; the practices were too widespread. Exposure of these crimes was blocked by high-level officials. Any time an investigator reported the problem, he or she was ordered to remain quiet.

These aspects of the CIA’s Vietnam War that used Americans as pawns are never brought up at Memorial Day ceremonies. The American public is led to believe that the hundreds of thousands of dead, maimed, or injured Americans suffered for an honorable cause. This is not to discredit those who endured the fighting, but to bring reality into the picture.

**Code Names for CIA Far East Drug Smuggling**

The CIA drug trafficking had grown so huge that it was handled like a major corporation, but secretly. Different geographical areas and different types or levels of operations are given code names. In the Golden Triangle area of Southeast Asia, the code names included Operation Short Flight, Operation Burma Road, Operation Morning Gold, and Operation Triangle.

The CIA transferred some of its operatives who developed the drug trafficking in the Golden Triangle area of Southeast Asia to Central and South America. They reportedly included Theodore Shackley, Edwin Wilson (who is in federal prison for selling arms to Libya—which was a CIA operation), and Frank Terpil. In Central and South America the code names for CIA drug trafficking included Operation Snow Cone, Operation Toilet Seat, and Operation Watchtower.

**Expanding the CIA’s Drug Smuggling Empire**

A similar pattern and excuse was used to develop the smuggling of drugs
Decades of Drug Smuggling by Government Agents

from Central and South America into the United States. Fabricating another excuse, the CIA and other covert government entities encouraged, trained, funded, and armed, groups to undermine the Nicaraguan government. This operation toward Nicaragua provided the logistics for bringing large quantities of drugs into the United States. Again, the American public was manipulated to believe that Nicaraguans did not have the right to choose their desired form of government, and the United States, through its CIA, would correct the situation!

Massive amounts of arms were sent from the United States by planes and ships, returning with drugs that were payment for the military equipment. Prior to the CIA’s development of the massive drug shipments, the drug problems in the United States were relatively minor and mostly unheard of by the general public.

CIA’s Purpose for Drugging America Can Only be Speculated

Prima facie evidence exists that the CIA engaged in drug trafficking for years. Why this was done can only be speculated. Anyone reading the third edition of *Defrauding America* with its many other crimes against Americans could reach the conclusion that people in control of the CIA have engaged in acts for the last half century to morally, physically, and financially undermine the United States.

The general thinking has been that the reason for the government’s involvement in drugs was to fund “black” operations. (As if that justified inflicting the drug scourge upon the United States!) These could be subverting foreign governments, assassinating foreign leaders, supplying arms to a group or country, setting the groundwork for wars such as in Indochina, and many others as described in *Defrauding America.*

My CIA sources indicate that the profits from drug sales far exceeded what was needed for these operations. They report that most of the profits are hidden in offshore financial institutions, and much of these funds come back in well-disguised forms and corporations, acquiring properties and businesses of all types—including broadcast and print media.

White House Involvement in Drugging America

Evidence is overwhelming that while the United States was inflicting war through surrogates upon Nicaragua, the White House and the National Security Council were directing the drug smuggling operations. People working closely with George Bush were key participants in CIA drug trafficking from Central America into the United States. John Hull, a friend of Dan Quayle and George Bush, was involved in the drug trafficking by making a fuel stop available on property that he owned in Costa Rica. Another close friend of Bush was Felix Rodriguez, who played a key role in the illegal arms and drug trafficking that were key parts of the Contra scandal.

My friend, and a close friend of Hull, Hoot Gibson, confirmed that Hull was a CIA operative in Costa Rica. Gibson owned land in Costa Rica and lived there for the past 20 years. His wife was an attorney and member of the Costa Rican government. Gibson was a highly publicized TWA pilot who in the 1960s experienced a high-altitude jet upset that almost ended in disaster. A television documentary showed Gibson’s exciting and near-fatal ordeal.
CIA operative Gunther Russbacher, whom I have known for over ten years, and whose many deep cover operations are detailed in *Defrauding America*, told me of the frequent visits of Senator Dan Quayle to Hull’s Costa Rica ranch. Russbacher stated that Quayle was deeply involved with the Contra operation and drugs, as well as being closely associated with noted drug trafficker Felix Rodriguez. Russbacher said, “Quayle was one of our bag boys.”

**Propaganda to Justify Hidden Agendas**

CIA-fed media releases claimed that the United States had to fund the Contras for freedom purposes and to combat communism. The real reason appeared to be the profitable drug trafficking. My CIA contacts stated the CIA was shipping arms to both sides, defending this practice in a tongue-in-cheek comment, “How else can we keep the war going?” (So much for the U.S. idealism in Nicaragua!) The CIA sought support from Congress for its Contra operation by reporting that the Sandinistas were trafficking in drugs and claimed that the Contras were not doing the same. In reality, it was just the opposite!

To stimulate congressional and public support for continuing to aid the Contras, the CIA installed video cameras in an aircraft flown by CIA pilot Barry Seal and secretly video-recorded the placement of drugs on board the aircraft at a Central American arms and drugs transshipment point. The White House stated that the drugs were loaded by the Sandinistas, making the tapes available to Congress and the media. The White House sought to inflame public opinion against the Sandinistas so that Congress would vote for funding the Contras. The people represented as Sandinistas loading drugs in that video were actually Contras. The scheme worked: Congress voted money for the Contras and the public was oblivious to having been duped.

All types of aircraft were used for flying arms to Central and South America and returning with drugs. Some aircraft were large airline or military types, landing in the United States at military or general aviation airports. Some were single and twin-engine general aviation aircraft and usually landed at private airports.

**Infamous Mena Airport and Ties to Two Presidents**

Mena Airport, which is described in various pages, became infamous during the 1980s for the arms and drugs shipping through this western Arkansas airport by the CIA and other government agencies. It involved Oliver North, Vice President and then President George Bush, Arkansas Governor Bill Clinton and others who became involved in the covert activities.

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1 Almost all military bases became drug transshipment points, and especially Homestead (Florida); Davis-Monahan (Arizona); Luke (Arizona); McGuire (New Jersey); McClellan and Travis (California).

2 Frequently mentioned airports include Mena Airport and others in the vicinity (Arkansas); Angel Fire Airport (New Mexico); Marana Airport (Arizona); Spirit of St. Louis Airport (Missouri); McMinnville Airport (Oregon); Coolidge Airport (Phoenix); Midland-Odessa (Texas); Lakeside Airport (Chicago); Addison Airport (Denton, Texas); Shamrock Airport (Houston); Pietra Negro (Black Rock), northeast of El Paso; and Redbird Airport in Dallas, (where I had once taught aviation flight and ground training). The airport at Mena, Arkansas, was a well-known CIA arms and drug transshipment point, and was featured on two television shows, *Frontline* and *Now It Can Be Told*, and in numerous newspaper stories.
Another Infamous Name in Drug Trafficking

Among the well-known names operating out of Mena Airport was Barry Seal, who coordinated frequently with Oliver North and who used the drug profits to purchase arms that went to Central America. But Seal was becoming a threat to the CIA drug operations; he knew too much, and talked too much about government drug trafficking. He thought that the threat of exposing high-level CIA and DEA officials in drug trafficking to Congress was insurance for him. But if he had known that Congress already knew about the drug trafficking and kept the lid on the scandal by cover-ups, he surely would not have been so confident.

The Threat of Exposing High-Level Corruption Eliminated

Seal was killed on February 19, 1986. On the day he was killed the FBI seized his personal belongings, hiding evidence of his CIA-sanctioned drug operations. His death conveniently kept him from revealing the CIA and DEA involvement in drug trafficking activities that would have been revealed at an upcoming trial.

Costa Rica Report on CIA Arms and Drug Trafficking

An 80-page report by the Costa Rican government (July 20, 1989) officially detailed and documented the U.S. role in drug trafficking in Central and South America. The report, titled, “Special Select Commission Appointed To Investigate Drug Traffic Crimes,” was the official legislative assembly report of Costa Rica. Excerpts from the 115-page report (in Spanish) revealed what the mainstream U.S. media kept from the public, and showed the movement of arms from the United States to Central America was associated with massive shipment of drugs on the return flights. That report and other Costa Rican documents showed that Oliver North and John Hull were among Americans charged with drug and other crimes and for whom extradition warrants were outstanding in Costa Rica.

Sham Basis for Invading A Foreign Country and Killing Its People

In 1990, President Bush ordered the U.S. military to invade Panama on the argument that Colonel Manuel Noriega was allegedly violating U.S. laws by allowing drug trafficking through Panama. Noriega did in fact aid drug trafficking, assisting the CIA, DEA, the U.S. military, and the Mossad. Noriega assisted Oliver North and his associates, including Vice President Bush, in the arms flow to Central America and the drug-laden aircraft returning to the United States.

Many CIA personnel believe that Noriega was taken out because he knew too much about the involvement of U.S. officials and that he was demanding too high a cut for his part in coordinating the U.S. drug trafficking through Panama. After the invasion of Panama, the United States saw that key banking positions were filled by people who would continue the drug money laundering.

The U.S. invasion killed hundreds of Panamanians and inflicted billions of dollars of damages as it invaded this sovereign country on the pretense of outrage that Noriega engaged in drug activities. Twenty-six U.S. servicemen died, and none of their families knew the real reason for the invasion.

Arguably, employees and people holding office in the United States, who
were secretly involved in drug trafficking, were far guiltier than Noriega, based upon their position of trust.

Noriega, as head of a foreign country, had the right to legalize drug activities just as many in the United States have argued that U.S. law should do. (This isn’t my position, but it is a defense.)

**Replacing Noriega with Other Drug Players**

The drug trafficking through Panama into the United States didn’t stop with Noriega’s kidnapping. The Bush Administration arranged for the new president of Panama to be Guillermo Endura, president of a Panamanian bank extensively used by Colombia’s Medellin drug cartel. Picked for vice president was Guillermo Ford, part owner of the Dadeland Bank of Florida. He reportedly was heavily involved in drug-money laundering. He was also chairman of Panama’s Banking Commission. Another official selected by the Bush administration to be attorney general of Panama was Rogello Cruz.

**U.S. District Judge Covering Up for CIA Drug Trafficking**

The federal judge presiding over the trial of Manuel Noriega barred attorneys defending Noriega from presenting any information on the CIA’s role, or that of Vice President George Bush, in drug trafficking or anything of a political nature. The judge repeatedly refused to allow CIA documents that Noriega needed in his defense to be introduced. Noriega’s U.S. attorneys limited their defense arguments so as not to expose the CIA involvement in drug trafficking.

**Paying for Perjured Testimony**

Justice Department prosecutors rewarded known drug smugglers who had long prison sentences by dropping charges, or releasing them from prison, for testifying against Noriega as the prosecutor wanted them, while simultaneously protecting perjurers against perjury charges. An Arizona Republic article (November 27, 1991) described the huge rewards paid to major drug traffickers who testified against Noriega. Three of them, facing life terms with no possibility of parole, and with a collective 546 years in prison, were released and given immunity from further prosecution (including immunity from perjured testimony). They were given large financial payments, and their families brought to the United States.

The star witness against Noriega was his former pilot, Floyd Carlton, who faced life imprisonment with no parole for having flown large quantities of cocaine into the United States. Justice Department prosecutors allowed Carlton to transfer his drug-related assets from Panama to the United States, with no risk of forfeiture or income taxes. Carlton was also given several hundred thousand dollars, along with permanent U.S. residency for himself, his wife and children, and nanny.

Another Panamanian paid for his testimony was Ricardo Bilonick, who reportedly earned $47 million during a three-year drug trafficking period. He faced 50 years in prison unless he testified as Justice Department prosecutors wanted him to testify. His prison sentence was greatly reduced; he was allowed to keep millions of his drug-related income, and relieved of income tax liabilities.

Colombian pilot Roberto Striedinger, considered by Justice Department personnel as one of the top drug traffickers, and who flew large quantities of
cocaine into the United States, was given a greatly reduced prison sentence. Justice Department personnel returned to Striedinger his seized bank accounts, Mercedes-Benz automobile, a 40-foot yacht, an airplane, and guns, including AK-47 assault rifles, Uzi and MAC-10 submachine guns (*Arizona Republic*, November 27, 1991).

When someone other than the government is using felons to testify, their testimony is discredited on the basis they had committed some prior offense. Presumably, a witness—not used by the government—must be a sequestered nun or someone fitting that background. When it suits government prosecutors, the testimony of felons is not only considered reliable, but they deserve to be handsomely paid for it. Title 18 USC Section 201(c)(2), known as the anti-bribery statute, makes it a criminal offense to offer anyone compensation for their testimony. But this applies only to the public, not government officials! On July 10, 1992, a federal jury in Miami sentenced Manuel Noriega to 40 years in federal prison.

**Senate Testimony by Noriega’s Pilot, Floyd Carlton**

Floyd Carlton testified to a senate subcommittee in 1986, while wearing a hood, hiding his identity. Carlton testified about large quantities of drugs shipped to the United States from Colombia and Panama on Eastern Airlines, a fact that Eastern Airlines Captain Gerald Loeb had described to me in detail. Carlton corroborated that the ranch John Hull ran in Costa Rica was used by drug trafficking aircraft and that Hull was a close associate of Dan Quayle and George Bush.

In 1999, I started communicating with John Hull, and there is another side to the various stories written about him. Hull had purchased ranches in Costa Rica and farmed the land, doing quite well. In the 1980s, CIA agents approached him to use his land for airstrips, and being patriotic, he gave them permission. The CIA eventually abandoned Hull when the Costa Rica authorities charged him with drug trafficking.

Hull learned to fly in the Civil Pilot Training (CPT) program shortly before World War II and then joined the Canadian Royal Air Force. After the war, he conducted a pilot training school in Indiana. During a trip with his parents to Costa Rica Hull fell in love with the country and purchased a ranch near Molle, Costa Rica, near a beautiful lake. He also managed property for absentee owners in the United States.

During the 1980s, Hull was approached by the CIA to use his property for aircraft carrying out CIA activities. Becoming a CIA asset often has serious consequences. After a television broadcast in Costa Rica revealed that Hull’s property was being used by the CIA for drug and arms flights, the Costa Rican government arrested and incarcerated him. Deprived of drugs for his diabetes and heart problems, and the harsh jail conditions, precipitated heart problems and a bout with pneumonia.

The CIA denied any relationship with Hull, a common disavow practice. Hull was eventually released pending trial, at which time he fled the country, returning to the United States. His 1100 acres in Costa Rica was seized by the government. Today, in his 80s, Hull is living a simpler life as a farmer.
**U.S. Ignoring Noriega’s Drug Trafficking Years Earlier**

Carlton testified that he offered to give information in July 1986 to the U.S. Drug Enforcement Administration office in Panama, and the DEA refused to take the information. Carlton’s evidence was extremely valuable since he had frequent direct contacts with Noriega and the Medellin and Cali drug cartels. The evidence included taped telephone conversations, documents, personal information about “money laundering, drugs, weapons, corruption, and assassinations.” But to have allowed Carlton to give that information would expose the CIA, DEA, and Mossad involvement in drug trafficking. Carlton testified that one of the DEA agents in Panama, who refused to receive the information, was Thomas Tyre.

**Standard Obstruction of Justice Tactic**

Using a standard Justice Department tactic to silence or discredit whistleblowers, U.S. agents arrested Carlton in January 1987, charging him with drug trafficking. The charges were made in such a way that Carlton would not be allowed to testify about the CIA role, which he had earlier sought to expose. DOJ charges in 1987 may have been to silence and discredit what he knew about CIA, DEA and U.S. military involvement in drug trafficking.

**CIA—Noriega Drug Trafficking Coalition**

U.S. Senator John Kerry stated what was already well known, that: 
*General Noriega had been on the payroll and an employee of the CIA for many, many, many years and, I have been given to understand, up until rather recently. It is not inconceivable, but it is most probable that this activity that the CIA had with this thug [Noriega] who was in their employ, and how proud they must have been that one of their own, that they nurtured for so many years, had risen to this power position.*

**Articulating the “Depravity of” Americas’ Drug Users**

The Subcommittee on Terrorism, Narcotics and International Communications published a 1988 report stating:

*The reason for believing the narco-trafficking is a matter for national security is that the Latin criminal cartels who have profited from the depravity of some Americans constitute an international underworld so extensive, so wealthy, and so powerful that it can literally buy governments and destabilize entire societies. This is a national security matter...Latin drug trafficking directly detracts from our ability to defend ourselves from military attack. Drug abuse has affected readiness within our Armed Forces...*

**Operation Toilet Seat —Caribbean Drug Smuggling**

The CIA used Boeing 727, C-123, and C-130 type aircraft to haul drugs from Central and South America to locations in the United States, including military bases, as was well known to military personnel. The planes were leased or operated by CIA proprietary airlines and flown either by CIA/DIA/DEA crews or by pilots for private airlines acting as fronts for the CIA, or CIA proprietarys.

**Operation Watchtower**

Operation Watchtower ³ was one of many drug trafficking operations from

Central America consisting of the placement and operation of low frequency radio beacons to guide low-flying pilots from Colombia to Panama. It also consisted of making available to the pilots the radio frequencies and schedules of drug interdiction aircraft so as to avoid detection. Because of the extremely low altitude these drug-laden aircraft flew, often less than five hundred feet, they could not receive the line-of-sight navigational signals available throughout the world (VOR). Radio transmission from a drug-carrying aircraft on a particular frequency actuated a relay at the radio beacon that started up the gasoline-engine-powered generators and the radio transmitters used for navigation.

Military Involvement for Drugging America

The CIA utilized the Army Intelligence Agency in Operation Watchtower, which began in the mid-1970s. U.S. Army Colonel A.J. Baker was ordered to oversee part of Operation Watchtower. It turned the operation over to Army Colonel Edward P. Cutolo, who also commanded the 10th Special Forces based at Ft. Devens, Massachusetts. Cutolo had supervised Operation Orwell for the intelligence agencies. This operation spied on political figures for the purpose of blackmail. Many of my deep-cover sources described the military’s passive or active role in the drug trafficking into the United States.

Cutolo’s Fear of Death was Prophetic

Army Colonel Edward P. Cutolo, who had been ordered by the CIA to supervise Operation Watchtower, grew increasingly concerned about its illegality. He conducted an investigation in an attempt to bring it to a halt. Fearing he might be killed because of his investigation, he prepared a fifteen-page single-spaced affidavit dated March 11, 1980, describing the CIA drug trafficking and related undercover activities. Cutolo gave copies of it to several trusted friends with instructions to release the affidavit to government officials and the media if he was killed or died under suspicious circumstances. He was prophetic. Colonel Cutolo died in a one-car accident near Skullthorpe, England, in 1980, while on a military exercise near the Royal Air Force base at Skullthorpe. Cutolo’s death was under strange circumstances, and occurred shortly before he was to meet Harari. Cutolo was killed, as were several other people working with him who sought to expose the drug trafficking operation.

The Cutolo affidavit, the drug operation, and deaths, were the subject of a one-hour television documentary on A&E Investigative Reports (March 22, 1999).

The affidavit described the installation and operation of the radio beacons and several of the drug flights in which he participated. The first one occurred in December 1975, headed by Colonel A.J. Baker, under whom Cutolo worked. Cutolo stated in his affidavit that, in the February operation, “30 high-performance aircraft landed safely at Albrook Air Station,” and “the mission was 22 days long.”

The affidavit listed key people meeting the aircraft, including Colonel Manuel Noriega, who was then Panama’s Defense Force Officer assigned to


4 Colonel A.J. Baker ; Hugh B. Pearce; Paul Neri, and eventually to Colonel James Gritz and William Tyree.
U.S. Customs; CIA operatives Edwin Wilson and Frank Terpil, and Mossad operative Michael Harari. Harari worked closely with U.S. intelligence agencies in the drug trafficking operation, sharing the profits for Israel and sharing the blame for the U.S. drug epidemic and associated crime wave. Harari had authority from the U.S. Army Southern Command in Panama to operate on military bases. Israel’s Mossad participation in drug trafficking made Israel a participant in undermining the welfare and security of the United States.

**Operation Orwell**

The Cutolo affidavit described another undercover mission, Operation Orwell, which consisted of spying on politicians, judicial figures, state law enforcement agencies and religious figures. Compromising information was then distributed to certain members of the military-industrial complex. Colonel Cutolo stated in his affidavit that the compromising information was needed to silence these people if information on the criminal activities leaked out:

> Mr. Edwin Wilson explained that it was considered that Operation Watchtower might be compromised and become known if politicians, judicial figures, police and religious entities were approached or received word that U.S. troops had aided in delivering narcotics from Colombia into Panama. Based on that possibility, intense surveillance was undertaken by my office to ensure that if Watchtower became known, the United States government and the Army would have advance warnings and could prepare a defense.

The affidavit listed some of the people against whom the surveillance was directed:

> I instituted surveillance against Ted Kennedy, John Kerry, Edward King, Michael Dukakis, Levin H. Campbell, Andrew A. Caffrey, Fred Johnson, Kenneth A. Chandler, Thomas P. O’Neill, to name a few of the targets. Surveillance at my orders was instituted at the Governors residences in Massachusetts, Maine, New York, and New Hampshire. The Catholic cathedrals of New York and Boston were placed under electronic surveillance also. In the area of Fort Devens, all local police and politicians were under some form of surveillance at various times.

> I specifically used individuals from the 441st Military Intelligence detachment and 402 Army Security Agency Detachment assigned to the 10th Special Forces Group to supplement the SATs tasked with carrying out Operation Orwell. I also recruited a number of local state employees who worked within the ranks of local police and, as court personnel, to assist in this Operation. They were veterans and had previous security clearances. They were told at the outset that if they were caught they were on their own.

**Deaths Associated with Military Drug Operation**

The Cutolo affidavit continued: “I have seen other men involved in Operation Watchtower meet accidental deaths after they were also threatened.” Cutolo’s affidavit identified the people who died in strange fashion and who had posed a danger of exposing the drug trafficking.

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5 Authority for the Army to become involved in this CIA operation came directly from FORSCOM through CIA operative Edwin Wilson, under Army Regulation (AR) 340-18-5 (file number 503-05).
Sgt. John Newby received threatening phone calls and then died in a parachute accident when his chute failed to open. Colonel Robert Bayard was murdered in Atlanta, Georgia in 1977 as he went to meet Mossad agent Michael Harari.

Colonel Baker died while trying to determine if Harari had killed Colonel Cutolo. Colonel James Rowe was assassinated on April 21, 1989, in the Philippines within three days after Mossad agent Harari arrived in that country. Rowe had been investigating Harari’s links to Cutolo’s murder and to CIA operatives Edwin Wilson and Thomas Clines. Pearce was killed in a helicopter accident in June 1989 under mysterious circumstances. Congressman Larkin Smith died in an airplane accident on August 13, 1989.

The affidavit stated that Mossad agents associated with Operation Watchtower were being protected by CIA Director Stansfield Turner and George Bush and that Washington military authorities had approved the drug trafficking operation:

Harari was a known middleman for matters involving the United States in Latin America [and] acted with the support of a network of Mossad personnel throughout Latin America and worked mainly in the import and export of arms and drug trafficking. Edwin Wilson explained that Operation Watchtower had to remain secret...There are similar operations being implemented elsewhere in the world. Wilson named the “Golden Triangle” of Southeast Asia and Pakistan... Wilson named several recognized officials of Pakistan, Afghanistan, Burma, Korea, Thailand and Cambodia as being aware and consenting to these arrangements, similar to the ones in Panama.

Referring to the huge profits received by the CIA from the drug trafficking, the affidavit continued:

Edwin Wilson explained that the profit from the sale of narcotics was laundered through a series of banks. Wilson stated that over 70% of the profits were laundered through the banks in Panama. The remaining percentage was funneled through Swiss banks with a small remainder being handled by banks within the United States. I understood that some of the profits in Panamanian banks arrived through Israeli Couriers. I became aware of that fact from normal conversations with some of the embassy personnel assigned to the Embassy in Panama. Wilson also stated that an associate whom I don’t know also aided in overseeing the laundering of funds...Wilson indicated that most of Operation Watchtower was implemented on the authority of [CIA Thomas] Clines.

Spying on Politicians

Referring to Operation Orwell, which spied upon politicians for subsequent blackmail:

I was notified by Edwin Wilson that the information forwarded to Washington, D.C., was disseminated to private corporations who were developing weapons systems for the Dept. of Defense. Those private corporations were encouraged to use the sensitive information gathered from surveillance of U.S. senators and representatives as leverage [blackmail] to manipulate those Congressmen into approving whatever costs the weapon systems in-
curred.

As of the date of this affidavit, 8,400 police departments, 1,370 churches, and approximately 17,900 citizens have been monitored under Operation Orwell. The major churches targeted have been Catholic and Latter Day Saints. I have stored certain information gathered by Operation Orwell on Fort Devens, and pursuant to instructions from Edwin Wilson have forwarded additional information gathered to Washington, D.C....Certain information was collected on suspected members of the Tri-lateral Commission and the Bilderberg group. Among those that information was collected on were Gerald Ford and President Jimmy Carter. Edwin Wilson indicated that additional surveillance was implemented against former CIA Director George Bush, whom Wilson named as a member of the Trilateral Commission.

Congressional Cowardice and Resulting Obstruction of Justice

It is easy to understand how members of Congress can be blackmailed into ignoring criminal activities involving personnel of intelligence agencies or the Justice Department when information on their personal lives is secretly collected by the FBI and U.S. intelligence agencies for blackmail purposes.

Implementing Secret Political Surveillance Nationwide

The affidavit described some of the weapon manufacturers who received this CIA information:

Edwin Wilson named three weapons systems when he spoke of private corporations receiving information from Operation Orwell. (1) An armored vehicle. (2) An aircraft that is invisible to radar. (3) A weapons system that utilizes kinetic energy. Edwin Wilson indicated to me during our conversation, which entailed the dissemination of Operation Orwell information and the identification of the three weapons systems, that Operation Orwell would be implemented nationwide by 4 July 1980.

The affidavit made reference to classified information and “the activities of the CIA in the United States and in Latin America.” Referring to people working with Edwin Wilson, the affidavit continued:

Each operation had basically the same characters involved...with Edwin Wilson...Robert Gates and William J. Casey...

Continuing Murders

Before leaving on his trip, Cutolo wrote a note to Colonel Rowe, informing him that he had arranged to meet with Michael Harari (in Manila). Why would a U.S. military intelligence officer meet secretly with a Mossad operative if the two intelligence agencies routinely met with each other? Cutolo died on May 26, 1980, his death caused by multiple fractures to the skull, other fractures, and punctured organs. These were out of the ordinary for the type of auto accident in which he was involved.

Master Sergeant Mark Larochelle, also involved in Operation Orwell, was killed during a helicopter-training mission at Fort Chaffee, Arkansas in July 1990.

Colonel William Wilson, a Green Beret, described the drug trafficking in Operation Watchtower. After retirement he authored two articles appearing in Freedom (Nov-Dec 1993 and Jan-Feb 1995) describing his knowledge and role
in the operation. Wilson served with the Army’s Office of Inspector General, and assisted in uncovering and documenting the massacre of hundreds of Vietnamese civilians by American troops at My Lai on March 16, 1968.

**Colonel Neri—Killed by Israel’s Mossad?**

As Colonel Cutolo suspected, Neri was killed, apparently to silence him. Paul Neri was one of the people who Cutolo entrusted with the affidavit and who had been requested to make the affidavit public upon his death. In distributing the affidavit to members of Congress and the media, Neri wrote:

> Both Col. Rowe and Mr. Pearce agreed to go public after the meeting with Larkin Smith, to call for a full investigation into the events described in Col. Cutolo’s affidavit. But both men died prior to the meeting with Smith.

**Killing of U.S. Personnel by Israel’s Mossad**

Referring to the Mossad, Neri’s cover letter stated:

> With the deaths of Col. Cutolo, Col. Baker, Col. Rowe (and Col. Robert Bayard named in Col. Cutolo’s affidavit) it is hard to believe the deaths of these men are not the work of the Israeli Mossad. It is equally easy to attribute the death of Col. Cutolo directly to Operation Watchtower inquiries.

Meeting the same cover-up response that I received for the past thirty years from the establishment media, Neri’s letter stated:

> For your information a copy of the affidavit will be sent to the New York Times, the Washington Post and the Boston Globe. The men who died so far...were good men. They attempted to let the public know what really occurred in Latin America, and in the never-ending drug flow.

In 1980 Col. Cutolo died in an accident while on a military exercise. Just prior to his death he notified me that he was to meet with Michael Harari, an Israeli Mossad agent. It is my belief, though unsubstantiated, that Harari murdered Col. Cutolo because of the information Col. Cutolo possessed. I believe that Col. Cutolo died in his attempt to [expose] Operation Watchtower...

Colonel Baker enlisted the aid of Colonel James N. Rowe, and between Col. Baker, Col. Rowe and myself, we set out to prove that Harari murdered Col. Cutolo, and that Operation Watchtower...netted Edwin Wilson and Frank Terpil of the CIA a large sum of tax free dollars.

Prior to getting very far into the investigation, Col. Baker died. We had no doubt as to the guilt of Thomas Clines, whom we suspect was the mas- termind behind Operation Watchtower.

Neri went on to describe how Harari and Col. James Rowe\(^6\) were in the Philippines when Rowe was assassinated. Neri’s letter continued: “I believe Harari’s motive for murdering Col. Rowe was due to Col. Rowe’s inquiries about Harari’s movements and relationships to Edwin Wilson, Thomas Clines and Manuel Noriega.”

Referring to another death in those seeking to expose Operation Watchtower, Neri wrote:

> In June 1989, Mr. Pearce was killed in a helicopter accident. The accident has a story of its own I am told. Both Col. Rowe and Mr. Pearce agreed to

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\(^6\) Rowe was in the Philippines serving as chief of the Army Advisory Group.
go public, after the meeting with Larkin Smith, to call for a full investigation into the events described in Col. Cutolo’s affidavit. But both men died prior to the meeting with Smith.

**Mossad Arms and Drug Trafficking**

Paul Neri continued:

*Since the Israeli Mossad openly traffics in arms and drugs in Latin America, a theory that Clines, Wilson, Terpil, Harari and Noriega engaged in Operation Watchtower is very easy to believe at this time, especially following the Libyan situation and the Iran-Contra affair: It all fits, this entire scenario carried over from Operation Watchtower directly into the Iran-Contra affair with the same characters.*

**“This Is Now Your Pandora’s Box”**

Referring to the deaths associated with the attempted exposure of Operation Watchtower and the Mossad’s involvement, Neri wrote, “I’m sorry that I am unable to carry the work any further. This is now your Pandora’s Box.”

**60-Minutes Cover-Up**

Before he was murdered, Colonel Rowe also tried to get CBS’s *60 Minutes* interested in the contents of the Cutolo affidavit, the murders, and the CIA-U.S. military-Mossad drug trafficking. CBS replied (July 13, 1987), refusing to proceed with the matter. Despite the responsibility of the media to expose government corruption, CBS chose to cover up. Cover-up of a federal crime is a crime by itself under Title 18 USC Section 4.

This CBS cover-up made possible the continuation of the drug trafficking and more murders. Over the years I encountered many deep-cover operatives who offered and provided evidence of the CIA drug trafficking to television and radio networks, and experienced the same cover-ups that I experienced the past 30 years.

**Finally They Killed Neri**

On April 29, 1990, Paul Neri died. An unknown person wrote a short letter that was sent with the Cutolo affidavit and Paul Neri’s accounting of what had happened, writing:

*Mr. Paul Neri, of the National Security Agency, died on April 29, 1990. Before his death, he requested that I mail the enclosed affidavit to you. Paul Neri was concerned that he would be killed or lose his security clearance if he revealed the affidavit before he died. According to him, these facts are true. If you investigate and interview the parties named within the affidavit, you will find the information is true. I am simply carrying out the wishes of a good friend, but do not want to get involved any further; therefore, I shall remain anonymous.*

**Another Killing to Hide U.S. Involvement in Drugs**

The Cutolo affidavit described the killing of an Army servicewoman, Elaine Tyree, who had knowledge of Operation Watchtower which she described in her diary. To shift attention from the actual killer and his connection to the ongoing drug operation, the military charged Tyree’s husband with the killing. The Cutolo affidavit continued:

*It was too risky to allow a military court to review the charges against Pvt. Tyree with Operation Orwell still ongoing and Senator Garn’s office re-
questing a full investigation. Pvt. Tyree therefore had to stand before a ci-
vilian court of law on the criminal charges.

**Found Innocent at First Hearing**

At the first military hearing, the presiding judge found no reason to bind Pvt. Tyree’s husband over for trial for the murder of his wife. This decision risked further investigation and possible exposure of the corrupt operation. Army pressure caused the county prosecutor to indict the husband for murdering his wife, even though the army knew the actual killer was someone else. The Cutolo affidavit stated:

*On 29 February 1980, Pvt. Tyree was convicted of murder and will spend the duration of his life incarcerated. I could not disseminate intelligence gathered under Operation Orwell to notify civilian authorities who actually killed Elaine Tyree.*

**Military Deep Cover**

I made initial contact with William Tyree in 1994 and this contact continued for many years, during which time Tyree furnished me with considerable details and documents on Operation Watchtower, Operation Orwell, and other covert operations in which the military was involved. I am convinced that Tyree was framed by military officers and prosecutors in Massachusetts for the murder of his wife. Tyree prepared several highly detailed affidavits describing what he himself had observed of Operation Watchtower, describing it as a secret Army Special Forces operation.

Tyree was crew chief on a “sterile”7 helicopter used in Operation Watchtower. The Special Forces Teams were used to install and maintain the radio beacons that were part of Operation Watchtower. Tyree described an incident in which a group of Green Berets8 identified as Special Action Team Number 1 were ambushed in Colombia near the village of Turbo by four dozen soldiers from a Colombian Army Unit who mistook the SAT members for local bandits. Two of the SAT team members were shot before their radio request for air evacuation was carried out.

**Drug Experiments on American Servicemen**

In his February 10, 1992, affidavit, Tyree described reports of drug experiments on American GIs in Europe during the early 1950s by Doctor James P. Cattell. This information was given to Panama Defense Force (PDF) personnel (PF-8) by Edwin Wilson for the purpose of interrogations. Tyree’s affidavit at a later date described how his wife started receiving threatening phone calls and notes left on parked vehicles in October 1978, warning her to stop writing and reporting the secret activities, including Operation Watchtower and Operation Orwell. Tyree identified the military superiors and members of Congress9 to whom he reported the threats.

Colonel Rowe took command of Operation Orwell following Colonel Cutolo’s death. Rowe advised Tyree of the continued surveillance activities, including that of

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7 Special forces used the term “sterile” to indicate the aircraft was stripped of all identification, the purpose of which was to deny the role of the United States in the operation.

8 The Green Berets were divided into three Special Action Teams, each one consisting of approximately seven men.

9 Including U.S. Senator E.J. Garn (R-Utah)
Harvard Law School Professor Lawrence H. Tribe. The surveillance activities were initiated by Special Forces personnel because of the people’s opposition to Washington policies. Rowe told Tyree that he had substantial evidence showing that Colonel Edward Cutolo, Colonel James Baker, and Colonel Robert Bayard, were all victims of foul play, and that Mossad operative Michael Harari was involved in the deaths.

Tyree wrote that the last message he received from Colonel Rowe was just prior to Rowe’s departure for Manila, where Rowe was assassinated in April 1989. Rowe told Tyree that if he remembered any more details on what Tyree had earlier told him, to call a certain phone number and leave a message. After Rowe was assassinated, Tyree called the number and reached a Colonel Richard Malvesti, who stated that he was in possession of the material on which Colonel Rowe was working. From time to time Tyree received newsclippings in the mail relating to personnel involved in Operations Watchtower or Orwell, without the name or address of the sender. Tyree stated that he thought the mailings were from Colonel Malvesti or Paul Neri of the U.S. National Security Agency.

Malvesti’s activities on behalf of exposing Operation Watchtower and Orwell probably played a role in his subsequent death on July 26, 1990. During a routine parachute jump in 1990, his parachute failed to open. This failure could easily be brought about by someone tampering with the chute.

General Carl W. Stiner, a four-star general who was commander in chief of the U.S. Special Operations Command, spoke at Malvesti funeral, stating, “The Ranger experience is not for the weak or the faint-hearted.” Excellent rhetoric, but it didn’t address the criminal activities associated with Malvesti’s death or the many others, or of the subversive and criminal activities by people allegedly representing and protecting the interests of the United States.

Tyree said that on July 23, 1990, he received the affidavit of Colonel Cutolo that was sent on behalf of Paul Neri, and that the information that pertained to Tyree and his personal observation was correct.

Tyree overheard several of the Panamanian military officers give credit to a Colombian armed forces officer named Eber Villegas for assisting the success of Operation Watchtower.

Tyree explained how he gave Secret and Top Secret U.S. documents to PDF and Israeli agents, possibly explaining how the drug-laden aircraft obtained the radio frequencies and flight schedules of drug-interdiction aircraft.

**Pan American Defense Forces**

Assisted the CIA-Military Drug Trafficking

Tyree told how members of the Panamanian Defense Forces (PDF) assisted in unloading the cocaine at Albrook Air Station. In one of his affidavits Tyree said:

> I personally witnessed members of the Panamanian Defense Force (PDF) help unload the bales of cocaine from the aircraft onto the tarmac of Albrook Air Station. Among the PDF officers were Colonel Manuel Noriega, Major Roberto Diaz-Herrera, Major Lis del CID, and Major Ramirez.

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10 Phone number for Colonel Rowe was 919-396-3832.
11 Malvesti was director for operations of the Joint Special Operations Command.
12 Malvesti is buried in the Massachusetts National Cemetery in Bourne.
Decades of Drug Smuggling by Government Agents

These men were always in the company of an American civilian identified to me by other personnel involved in the operation as Edwin Wilson of the CIA. Another civilian in the company of Wilson, I have since learned, was Israeli Mossad Agent Michael Harari.

Israel’s Mossad Agents Killing Americans

Tyree wrote, “It is not uncommon for Israeli Mossad agents to kill Americans who the Israeli’s deem a threat to the security of Israel.” This belief has been stated to me numerous times by CIA contacts. The Israelis didn’t hesitate to kill 34 U.S. sailors when it attacked the U.S. navy ship U.S.S. Liberty (June 8, 1967).

Tyree described seeing Wilson provide PDF officers with manila folders containing the following addresses: CIA, Office of Naval Intelligence, and Defense Intelligence Agency. The contents appeared to be photographs taken by satellites or SR-71 high-altitude spy aircraft.

Colonel Cutolo, who commanded the second and third Watchtower missions, and Tyree were transferred to the 10th Special Forces Group at Fort Devens, Massachusetts, along with another participant, Sergeant John Newby. As stated earlier, Newby started receiving threats upon his life, and his life ended in October 1978.

During the 1976 Watchtower operation, Tyree said that the pilots appeared to be mercenaries who spoke several foreign languages and had German, French, and English accents. The pilots and lead personnel in the first 1975 operations appeared younger and acted as if they were U.S. Army or U.S. Navy personnel. He thought that British Special Air Service (SEA’S.) pilots were on some of the flights.

Tyree said that Ted Shackley, a former high-ranking CIA operative, was deeply involved in Operation Watchtower and other CIA-related drug operations. He believed that the Navy’s Task Force 157 participated in Operation Watchtower. He said that “Colonel. Baker, Col. Rowe and I believe Thomas Clines, with the aid of Edwin Wilson and Frank Terpil, orchestrated Operation Watchtower...with full CIA auspices.”

Describing His Wife’s Death

Tyree described details of his wife’s death. On January 30, 1979, Elaine Tyree was stabbed to death at the Tyree’s off-post residence. Subsequently, Erik Y. Aarhus (U.S. Army SP4) and Earl Michael Peters were charged with her murder. Prior to his wife’s death, Tyree had repeatedly contacted members of Congress about his findings of drug trafficking from Central America; of the drugs and arms trafficking at Fort Devens, and the threats to him and his wife.

Sergeant Kenneth Garcy stated in an affidavit dated September 29, 1990, that Elaine Tyree was keeping a record of what she had learned about the drug operation. He said she intended to turn the diary-style book over to the Criminal Investigation Division (CID), and that Tyree was concerned about the safety of his wife. She started receiving threats and made these threats known to Colonel Cutolo, First Sergeant Frederick Henry, and Garcy.

Francis M. Gardner, the manager of the apartments where the Tyrees lived at the time of Elaine Tyree’s death, signed a statement before a notary public.

13 Including Senator J. Garn of Utah.
stating that he observed a person identified as Earl Michael Peters leaving the Tyree’s apartment carrying a box (which the Tyrees had stored for him). Police arrived shortly thereafter and Elaine Tyree was found stabbed to death. According to Tyree the police never interviewed Gardner. Gardner stated to investigators that he saw the police remove the diary kept by Elaine Tyree and other papers. The police denied this.

**Initial Decision Exonerated Tyree**

Those charges ended with a decision\(^\text{14}\) by Special Justice James W. Killam, III, exonerating Tyree (May 15, 1979), and holding that Erik Aarhus and Earl Michael Peters should be tried for the murder of Elaine Tyree.

**Prosecutor Protecting the Real Killer?**

The district attorney refused to accept this decision. Instead, he moved to prosecute Tyree and blocked all prosecution of Peters. Local district attorney John Droney obtained an unusual ruling from the Massachusetts Supreme Judicial Court (SJC), dismissing the murder charges against Peters, even though he was seen leaving the murder scene.

**Pentagon Cover-Up of CIA-Mossad -U.S. Military Drug Trafficking**

Prior to Tyree’s February 1980 trial, he sent a certified letter to the Pentagon detailing the criminal activities involving U.S. personnel in Operations Watchtower and Orwell. He received no response.

To prevent further investigation into the murder, Army officials conspired with Lieutenant J. Dwyer of the Middlesex District Attorney’s Office and the county district attorney. They went to the Massachusetts Supreme Court and obtained a ruling prohibiting any court but the Massachusetts Supreme Court from ordering the arrest of suspects in the Tyree murder. This was without precedent, as any court in Massachusetts had authority to issue arrest warrants for murder suspects. But the ruling protected the real murderer, Michael Peters, who, if charged, would have exposed Operation Watchtower and Operation Orwell.

Massachusetts Judge James F. McHugh\(^\text{15}\) refused to accept testimony from active duty personnel of the U.S. Army Special Forces who came forward to corroborate the existence of Operation Watchtower. The judge even threatened to charge Tyree with perjury if he decided that the statements were false. Army attorneys warned Tyree he would be prosecuted for divulging classified information, the military-CIA drug trafficking being considered “classified information.” Judge McHugh refused to accept live testimony from active duty U.S. Army Special Forces personnel, who could expose the truth.

After Tyree was held guilty in the murder of his wife the military at Fort Devens, Massachusetts gave Tyree an honorable discharge. If Tyree had actually murdered his wife, the Army would undoubtedly have given him a dishonorable discharge. Even Elaine Tyree’s father felt, and wrote, that he did not believe Tyree to be the murderer.

**Destroying Evidence**

In a December 5, 1979 letter on official letterhead of the Commonwealth of Massachusetts, District Attorney John J. Droney wrote to Colonel Cutolo:

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\(^{14}\) Trial Court, First Northern Middlesex Division, Cases No. 271-272-273 of 1979 308 & 367.  
\(^{15}\) Middlesex Superior Court, Middlesex County, Massachusetts.
I recommend that you destroy the surveillance material collected at the Tyree residence on January 30, 1979, if you have not already done so.

Droney was using, as the primary witness against Tyree in the murder of Elaine Tyree, the same person seen leaving the Tyree residence at the time of the murder.

Cover-Up by Chairman of Joint Chiefs of Staff

In 1994, President Clinton appointed Army General John Shalikashvili Chairman of the Joint Chiefs of Staff. Shalikashvili was the commander of the army unit that carried out Operation Watchtower. Colonel Cutolo succeeded Shalikashvili as the group commander of the 10th Special Forces Group, Airborne (SFG (A)). Since Colonel Cutolo was disturbed by the drug trafficking in Operation Watchtower, it can be assumed that the operation was originated by higher authority.

Jonestown Tragedy

Tyree had been part of a team operating in Surinam and French Guiana, and had insider information about Jim Jones and Jonestown in Guayana. Tyree wrote about former personnel from Army Special Forces groups training some of the enforcers at Jonestown prior to the mass murders and suicides. Tyree wrote that Congressman Leo Ryan who had traveled to Jonestown to investigate allegations of wrongdoing was to have been protected by an Army Special Forces team but that the team did not appear until after the congressman had been assassinated. Tyree wrote:

[The congressman] was hated by many different factions in the United States...the perfect place to assassinate him would be outside the U.S., where the law enforcement authorities are not as apt to control the evidence, crime scene, etc. This fact was known to [the state department], and they acted on it as a precaution. The Special Forces team assigned to guard the U.S. Representative didn’t arrive on the ground in Jonestown until minutes after the U.S. Representative was dead. Several facts in dispute are:

- Did the Special Forces team deliberately delay in reaching Jonestown? If so, why did they delay, and on whose orders did they delay?
- That the Special Forces team were the people that actually killed the U.S. Representative. This is possible, as the person who told me that version is a person who has always proved to be a creditable source.
- A number of Special Forces were training the ranchers in and around the Jonestown complex in security measures.

Legal Action Seeking to Bring About Tyree’s Release

In 1999, Attorney Ray Kohlman of Attleboro, Massachusetts filed a federal action in the U.S. District Court at Boston seeking to have a court receive evidence of government drug trafficking and also seeking Tyree’s release.

As stated earlier, A&E Investigative Reports aired a one-hour television documentary that included the murder of Elaine Tyree (March 22, 1999).

Gunther Russbacher: High-Level CIA-ONI Operative

In the third edition of Defrauding America I write extensively upon the remarkable career of Gunther Russbacher, involved for decades in many high-level undercover activities for the CIA and Office of Naval Intelligence (ONI).
His roles in some of the CIA’s most bizarre events dwarf anything found in most fiction novels.

Russbacher was my initial gateway into the blurry world of undercover activities in the late 1980s and this continued to the end of the twentieth century, at which time he became a key member of Austrian intelligence. He was very detailed in his description of undercover activities, and I feel he was very truthful in what he conveyed to me through thousands of hours of oftentimes deposition-like questioning covering a ten-year period.

**Enlargement on Earlier Discoveries**

When we first met, Russbacher refused to divulge any undercover activities to me. However, since he and I were both former Naval aviators, we had a certain bond that increased over time. At first he described his role in the Iran-Contra affair, and then in October Surprise, which are described in great detail in *Defrauding America*, along with other covert CIA activities.

** Revealing CIA Drug Trafficking Activities**

Russbacher described the different ways the drugs are shipped into the United States, including being shipped in sealed containers leased from Phillips Electronics and other companies. He described ways of circumventing Customs inspections in the United States and those incidents in which Customs and the DEA protected the drug shipments. He described the swapping of sealed containers at bonded warehouses in Hoboken, New Jersey and other locations, and the secret unloading of drugs at airfields throughout the United States, including Boeing Field in Seattle.

**Two Deep-Cover Agents Crossing Paths**

Another of the many confidential sources with whom I had contact was Trenton Parker who played a key role in CIA activities in the Caribbean. Parker described the purpose of a flight from Dobbins Air Force Base near Marietta, Georgia, in January or February of 1982, and included a description of the pilot. He said the pilot was a Navy Lt. Commander with the nickname of “Gunsel.” Russbacher had told me several years earlier that Gunsel and Gunslinger were nicknames he used. Parker stated that the pilot was very articulate, which fit Russbacher’s description. Russbacher confirmed that he did fly such a flight, and that the route of flight and the name of one of the passengers coincided with Parker’s description.

It was ironical that Parker had crossed paths with Russbacher. It added still more corroboration of Russbacher’s status. Parker provided me information on CIA activities that Russbacher had failed to mention. Once Parker gave me preliminary information about the activities, Russbacher then enlarged upon them when I asked. One such activity was called Operation Indigo which he described in court filings.16

**Operation Indigo**

Russbacher enlarged upon Operation Indigo. He said the full name was Operation Indigo Sky, and confirmed that it had been in operation since approximately 1976. Russbacher said that the operation consists of producing

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16 *United States of America vs. Trenton H. Parker*, U.S. District Court, Denver,, No. CR 93–43.
heroin in poppy fields in Nigeria and processing in the capital city of Lagos, along with transportation to Europe and the United States.

Russbacher stated that the intent of Operation Indigo Sky was to get an alternate supply for heroin coming from the Golden Triangle area and the Indian subcontinent. The operation began with the 1976 purchase of the Star Brewery in Lagos and its subsequent multi-million-dollar upgrade into a heroin processing facility. The brewery’s name was changed to Star of Nigeria and then to Red Star. The transportation of the drugs from Lagos was initially by the CIA and DEA and then changed to contract operators. Most of the processed drugs in Operation Indigo Sky went from Lagos to Amsterdam, where it was further packaged and then shipped to European and United States destinations.

Parker provided me with a confidential employee status report showing his CIA status from December 23, 1964 to May 24, 1992. His last rank was shown as Colonel in the United States Marine Corp. The report showed that he had a top-secret clearance, and that he was attached to Marine-Naval intelligence and to the CIA. His MSID identification number was 2072458. The reports identified Parker as a member of the ultra-secret Pegasus group, with headquarters in the U.S. Department of Labor offices in Fairfax, Virginia. The status report listed his alias, Pegasus 222.

**Vice President George Bush and Colombian Drug Lords**

Parker told me that the CIA, with Vice President Bush’s approval, set up a sham drug bust in Miami during March 1980 using 4,000 pounds of cocaine, the biggest drug bust at that time. The purpose of the scheme was to generate support in the United States for the newly appointed drug czar, Vice President George Bush, justifying the use of the U.S. military in the so-called war against drugs.

**CIA and Colombian Drug Lord**

In carrying out the scheme, the CIA reportedly coordinated with Jorge Ochoa, a Colombian drug dealer. Ochoa organized many of Colombia’s drug dealers to contribute cocaine for a large shipment into the United States, advising that there was safety in numbers. Most of the dealers didn’t know that this was a planned drug bust and that they would lose whatever cocaine they contributed to the shipment. After the drug dealers contributed their cocaine into Ochoa’s warehouse, Ochoa switched large quantities of bad cocaine that he had accumulated with good cocaine contributed by other dealers. Later, Ochoa sold the cocaine obtained in the switch for about fifty million dollars.

The 4,000 pounds of cocaine, including the bad cocaine that Ochoa had switched, was then shipped to Miami and seized by U.S. Customs, as planned. Bush got good publicity for his role as drug czar and Ochoa and his insiders made over fifty million dollars by replacing good cocaine with bad cocaine.

The sting operation in which Parker participated used an informant to notify DEA agent Phelps in Bogota that the drugs were arriving at Miami International Airport on a particular flight at a given time. Phelps then notified DEA and Customs at Miami so they could be present at the aircraft’s arrival.

**DEA “Sophisticated” Drug Bust**

There were comical elements to this planned drug bust. Parker described what he observed when the 4,000 pounds of cocaine arrived on board TAMPA
Airlines at Miami International Airport. Watching the scene from an unobserved distance via binoculars, Parker said that the airplane with the two tons of cocaine arrived at the parking area, but there were no Customs agents there to seize the drugs, despite the considerable planning that went into the operation.

Several people working with Parker were at the aircraft, presenting the appearance of being there to unload the cargo. However, they intended to run off as the DEA and Customs agents appeared. But no agents arrived. The pilots wanted the drugs unloaded fast and wanted to leave. To avoid losing the drugs intended for the planned seizure, Parker’s people unloaded the crates containing the drugs onto the tarmac.

The cocaine was hidden in boxes of Levi jeans, with yellow bands on the boxes containing the real Levi’s, and white bands on the boxes containing the cocaine. Parker’s people sprayed the boxes containing the cocaine with ether, used in the preparation of cocaine, insuring the cocaine would not be missed.

The absence of the expected DEA and Customs agents presented Parker with a problem. He advised his men by radio to stand by. An hour later, Parker saw through his binoculars a couple of Customs agents, engaging in frivolity, walking slowly toward the boxes, obviously unaware of the presence of drugs. Parker then radioed his men to stay clear of the area.

Parker watched through his binoculars as the agents poked holes in the boxes to check for possible drugs. The third box that they poked caused white cocaine powder to escape. Parker then radioed his people to immediately leave the area.

Parker boarded a commercial airline for return to Denver. That night the U.S. media described the drug find as the largest discovery in the nation’s history. DEA and Customs officials described the drug-find as the result of an intensive coordinated effort between the DEA and Customs.

CIA Role in Establishing the Medellin Cartel

Parker told how the CIA set up the meetings in which various Colombian drug dealers organized into a drug trafficking cartel. Parker mentioned two preliminary meetings in late 1981 arranged by the CIA in which individual Colombian drug dealers organized into a cartel to facilitate the sale and shipment of drugs to the United States. He stated that the first meeting occurred with twenty of the biggest cocaine dealers in Colombia present; that the second and final meeting was held at the Hotel International in Medellin attended by about two hundred drug dealers, pushers, and smugglers. The Medellin Cartel was established in December 1981, and each of the members paid an initial $35,000 fee to fund a security force for the cartel members to protect their drug operation.

Further Confirmation of These Meetings and Their Purpose

Several years earlier Russbacher described these meetings to me, and then reconfirmed the meetings after I told him what Parker had told me. Russbacher stated there had been a preliminary meeting in September 1981 in Buenaventura, Colombia, which established the format for the subsequent meetings. Russbacher attended the September 1981 meeting, which was initiated by the CIA to facilitate drug trafficking into the United States, permitting the CIA to deal with a group rather than many independent drug dealers.
The above is a CIA confidential document showing Parker’s ONI and CIA status, which has been recopied by the author from the original document so as to make the contents more easily readable.

**CIA Planning and Funding the Kidnap of Ochoa’s Sister**

Prior to organizing the Medellin cartel, the CIA created a crisis situation, providing an impetus for the Colombian drug dealers to consolidate their splintered members into the Medellin Cartel. Parker described the CIA operation in
early December 1981 that led to the kidnapping of Jorge Ochoa’s sister, Leona, from a University outside of Bogota. Parker said that, acting in his CIA capacity, he paid a group known as M-19 to carry out the kidnapping and to also kidnap Carlos Lehder. (Lehder escaped after he was captured.) The CIA paid the M-19 group three million dollars, of which two million dollars was in guns and one million in cash.

“We made arrangements with Colonel Noriega, and this was the point where Noriega became involved with the CIA and the drugs,” Parker said. He continued: “The deal was that the meeting between M-19 and Ochoa and Escobar would be held in a neutral point, namely Panama. During the second week of January 1982, everything was set up.”

**Paying Bribe Money to Nassau Prime Minister**

Parker said he first landed at Grand Cayman Island, where he picked up five million dollars in cash from a CIA source. The next landing was at Nassau, where Parker paid Prime Minister Lynden Pindling one million dollars to get rid of a drug trafficker at Norman’s Cay. Parker explained that Norman’s Cay was a main drug transshipment point operated by Colombian drug dealer Carlos Lehder, who he described as one of the five keys of the Medellin Cartel.

Parker stated:

*Lehder was getting way out of line. He was shooting at people, and when he finally shot at Walter Cronkite, who happened to be sailing around in the area, Walter broke the news and a lot of people were saying how can this guy be operating out of Norman’s Cay just off the shores of the United States?*

Parker stated that Lehder was then forced to leave Norman’s Cay and return to Colombia, where he joined the Medellin Cartel. Parker said that before leaving Nassau he was joined by Robert Vesco (wanted in the United States for bank fraud), and then a CIA aircraft flew them to Havana, where they were met at the airport by security guards and Fidel Castro. Parker said: 

*I personally delivered two million dollars to Fidel Castro. And for those two million dollars he was to see that a shipment of arms was to go to M-19, which was a right-wing revolutionary force that we wanted to keep active so that we could have pressure on the government to bring about certain things that we wanted to do. And we needed pressure from below and pressure from above. He agreed to do that and he did do that.*

Parker continued: “I took the remaining two million dollars and flew into Panama City, Panama and there I checked into Holiday Inn.” where he met with the head of Colombia’s M-19. Parker added: “I delivered my one million dollars to him and then I met with Colonel Noriega and delivered one million dollars to him. That one million dollars was to pay Noriega to act as the neutral party to help bring about the release of Ochoa’s sister. Sure enough, Ochoa’s sister was released.” Parker continued:

*And then he was also supposed to make an offer that he could and would provide protection for the drugs coming into the United States through the back door to the midway. And what that was, is that we had already made a move on the cartel to close down some of the small operations. At that time Noriega offered a connection into the Sandinistas, the drug operations. Re-*
finery plants were set up there. And that’s what we wanted, as we wanted to show the Sandinistas as being the bad guys and justify U.S. involvement. What we were doing was also financing operations because a certain group in the CIA was going ahead and flying guns down into Nicaragua, and dropping them off by parachutes to the Contras. They then went over to the Sandinistas, picked up drugs and flew them into the United States, after which the money would be returned to the Sandinistas. In effect we were taking over some of the flying services for the Medellin Cartel. The money from the drugs produced the money for the guns and that is how the operation worked, and Bush knew the whole goddamn thing.

Parker explained that after completing that trip, he flew back to Denver where he was to go to trial on charges relating to a CIA operation called Operation Gold Bug. He explained that he was on a one-million-dollar self-recognizance bond, which was rather bizarre since any offense requiring that large a bond would be too serious to permit release on one’s own recognizance.

Parker thought that charging him was a mistake unless it was to silence or discredit him. Parker said, “First, my trial was to start on February 2, 1982. Second, when it came up it came up by a pure fluke.” He explained how the CIA was to protect him from prosecution. Prior to trial his CIA handlers instructed him to remain silent about the CIA operation as it was ongoing and that any exposure of it would have serious consequences. His handlers stated that he would receive a very light prison sentence or probation and would soon be free.

**CIA Involved in JFK Assassination?**

Parker said that after President Kennedy decided to pull U.S. troops out of the CIA’s Vietnam operation, which would cause the loss of billions of dollars from the CIA drug trafficking, certain CIA factions decided to assassinate Kennedy. Pegasus people learned of the plot and told Kennedy two weeks before he was assassinated.

These statements added further fuel to the charges that the CIA was involved in Kennedy’s assassination. In light of other CIA criminal activities, there should be little doubt that the CIA has the mindset to assassinate a president of the United States.

**President Reagan More of a Puppet Head**

Parker stated that after Kennedy’s death, the Pegasus unit was not able to function as intended because of activities by U.S. presidents after the Kennedy assassination. He named Johnson, Nixon and Bush as knowing of the planned assassination, and that the Pegasus group had taped telephone conversations making reference to the operation. He stated that Reagan was not implicated like the others; he was more of a figurehead for powerful factions controlled by former CIA Director Bush.

Parker described the necessity of Pegasus going underground within the CIA because of the inability to report to a president, and that the files on corrupt CIA operations gathered by the Pegasus group were moved to various secret locations. Denver was one of the sites.

Parker said that his Pegasus group secretly gave files on the CIA criminal activities from 1976 to 1982 to a member of the Joint Armed Services Commit-
Drugging America—A Trojan Horse

te, Congressman Larry McDonald. These files revealed corrupt activities by several U.S. presidents, federal officials, the CIA, and other members of government.

Parker said that McDonald let it be known to the press that he was going to reveal startling evidence upon his return from the Far East showing that the CIA and certain high-ranking public officials were part of an operation responsible for drug trafficking since 1963 from Southeast Asia. McDonald boarded KAL Flight 007, which was shot down by the Russians.

Operation Mother Goose

Parker described his various assignments in the CIA from when he first joined the Office of Naval Intelligence. He was involved during 1964 in the CIA scheme called Operation Mother Goose dealing with joint military selection, recruitment, and training of qualified enlisted men with security ratings. These people were educated and trained in basic covert and undercover activities. After training they were released from active military duty to enroll in colleges and universities under the GI Bill. While under CIA supervision, they infiltrated student activities and student movements as they related to the Vietnam War and other political areas. Parker trained at the United States Marine Corps base at Camp Pendleton, California.

Operation Back Draft

Parker’s next CIA assignment was an enlargement upon Operation Mother Goose called Operation Back Draft. This operation provided financial assistance to students while attending college and trained them to infiltrate and disrupt student activities. Parker participated in this program while attending college and university programs in Southern California.

Another CIA contract agent, Ron Rewald, was used in a similar operation and was later recruited by the CIA to operate a proprietary in Hawaii known as Bishop, Baldwin, Rewald, Dillingham and Wong (BBRDW). This operation is described in detail in the third edition of *Defrauding America*.

To qualify Parker for use in financial operations, the CIA obtained employment for him with New York Stock Exchange brokerage firms from 1971 until 1974 in California and Colorado. While in those positions, he supplied confidential information to the CIA on customers’ accounts and transactions. Eventually he opened his own brokerage firm as a front for the CIA through the SEC and NASD.

This is similar to the operation described to me by CIA operative Gunther Russbacher in which Russbacher received training at Mutual Life Insurance Company and then incorporated and operated a number of CIA financial institutions headquartered in Missouri. These institutions had offices throughout the United States including Denver, Dallas, Houston, Atlanta, and Traverse City, Michigan.

Operation Anaconda

Another CIA assignment held by Parker was participation in Operation Anaconda in the mid-1970s, through which CIA personnel ran for state and federal political office. Another purpose of the operation was to swing key elections to a particular candidate, away from one whose interest may be detrimental to the CIA or other covert government unit. This was used against Sena-
Decades of Drug Smuggling by Government Agents

Parker elaborated upon other CIA operations in which he was involved, including infiltration of U.S. financial institutions, drug operations in Central and South America, and the Nigerian operation known as Indigo Sky.

**Operation Interlink**

Parker appeared as guest on several talk shows with Tom Valentine of *Radio Free America*. During one appearance on July 29, 1993, he shared the two-hour program with former CIA employee and author Fletcher Prouty, describing the mechanics of the CIA’s Operation Interlink. Prouty stated during the show that Parker’s revelations “make this one of the most important shows on the CIA that has ever occurred.”

**Operation Snow Cone**

Parker stated that the CIA and Justice Department had sacrificed him in 1982 to protect an ongoing secret scheme called Operation Snow Cone. He had been charged by the Security Exchange Commission (SEC) with a money laundering operation that was part of a CIA operation under Operation Interlink and Operation Gold Bug. This CIA operation was accidentally exposed by the SEC, which was unaware of the CIA’s role in the ongoing operation. Usually Justice Department officials in Washington quickly step in and the charges are dropped. But in this case, the SEC charges were filed and publicized by the media so it was too late to retract the charges.

There was another possible reason for filing charges against Parker. He stated that his handlers had asked him to be part of an expanding drug operation in Nigeria called Operation Indigo Sky and that he refused. He didn’t care to get involved in drug trafficking, and further, living conditions in Nigeria were deplorable.

Justice Department prosecutors and CIA personnel encouraged Parker to plead guilty, assuring him that he would be released as soon as attention to his case no longer existed. Parker pled guilty in 1982 and he refused all newspaper interviews. He was promptly hidden in the federal prison system, including months of diesel therapy that kept him from a law library and telephone. (“Diesel therapy” is a term used to describe the practice by prison officials to transfer a prisoner from prison to prison, during which he is often unable to communicate with his lawyer or family.)

The opportunity to seek legal relief arose while Parker was in an Arizona prison where he could prepare and file a post-conviction motion, which was heard by U.S. District Judge Marquez in Tucson on February 12, 1986. The judge ordered the prison warden and the U.S. Attorney to release Parker immediately. In 1992, U.S. Attorney Michael Norton in Denver charged Parker with money laundering charges that had been part of his CIA operations. At his arraignment, the judge ordered him released pending trial that was set for April 1993. Before his release, Parker occupied a cell with Stewart Webb, a private investigator whom I had met earlier, and who was trying to expose the HUD

17 A syndicated show of Sun Radio Network, heard throughout the United States, and on short wave five nights a week.
18 Prouty authored *The Secret Team*, and other CIA books.
and savings and loan corruption in the Denver area. Webb showed Parker some of my writings, causing Parker to contact me upon his release.

Parker said that he had been with the CIA for approximately 30 years and was part of Faction “B” and with a unit called Pegasus 222. The CIA reportedly has three factions. Faction One or sometimes referred to as Faction “A,” appears to be under the control of the Justice Department: Faction Two or B-faction is supposedly under the control of the Office of Naval Intelligence. Faction Three is small, including former OSS operatives and reportedly a loose-knit group of rogues.

While waiting for trial, Parker filed papers with the court listing the secret CIA operations that he would reveal. He also filed a list of documents that he would submit, including the confidential status report showing him to be a Colonel in the U.S. Marines assigned to the Office of Naval Intelligence and to the Central Intelligence Agency.

Once Parker filed the list of documents with the court, an assistant U.S. attorney in Denver complained to the judge that Parker should have filed the documents under seal because they revealed secret CIA activities. Because of those revealing documents, U.S. Attorney Norton dismissed all charges against Parker, which avoided revealing the Agency’s dirty linen. Parker called me on March 23, 1993, stating: “All charges have been dropped. I’m going underground. Don’t ask any questions.” He then hung up.

A year later, in June 1994, the State of Arizona again sought to extradite Parker from Colorado. Colorado attorney Dennis L. Blewitt said to me that almost twenty law-enforcement personnel surrounded Parker’s home and arrested him, based upon the Arizona extradition papers.

Parker then sought to have the papers filed in the previous extradition attempt, in the possession of another judge, sent to the court where the new extradition request was to be heard. Blewitt and several friends went to the clerk of the court where the case was pending, requesting help in getting from the other judge the necessary documents. When the clerk heard the name of my book, *Defrauding America*, she reached under the counter and pulled out a copy. When she realized that Parker was in the book she told the group not to worry, that she would get the records for Parker.

Reportedly, the clerk and the two judges had a copy of the book with Parker’s activities described in detail. Arizona requested that a $500,000 cash bond be required for Parker’s release pending a hearing on the extradition request. The judge settled for $3,500. After Parker was released he called me, describing the events, and said that even the Thornton city police, who arrested him, had a copy of *Defrauding America* in the police station, and it was being read by the people on duty. Several times Parker credited the book with bringing about his release.

**Prison Release Brought About by *Defrauding America* Book?**

After federal charges were dropped against Parker the State of Arizona filed money-laundering charges against him, arising from Parker’s earlier CIA activities. Extradition papers were filed with Colorado authorities where Parker was residing, seeking to have him extradited to Arizona. Parker felt that this charge arose from activities of the United States Department of Justice.
Fighting extradition, Parker filed into court records the Expanded Second Edition of *Defrauding America*, referring to the sections explaining Parker’s CIA activities and telling how Justice Department officials sought to silence or discredit CIA assets by filing sham charges and incarceration. The judge refused to honor the extradition papers from Arizona, ordering Parker released from custody. Parker felt that the book played a role in his release.

**Meeting Foster at Mena**

Before I lost contact with Parker, he described to me during a June 1994 telephone call a meeting he had at Mena, Arkansas at which there were present CIA asset Terry Reed and Rose Law Firm partner Vincent Foster. Parker said that CIA money laundering was the primary topic of discussion. This meeting provided extra support for the fact that the law firm was involved in the CIA-related activities.

Another source that I describe in *Defrauding America*, Leo Wanta, who played a role in destabilizing the Russian currency, described meetings he had in Europe with Vincent Foster.

During the years following these events Parker told me he wanted nothing else to do with any of the corruption in government. He felt that the nation’s checks and balances were too corrupt, the public too illiterate about government misconduct, and too indifferent, for anyone to show any meaningful concern.

**OSS - CIA Veteran Russell Bowen**

Former OSS-CIA veteran, Russell Bowen, revealed considerable undercover activities to me when we first met in the early 1990s. Our somewhat similar backgrounds caused him to confide things in me that he ordinarily would not have done. Both of us were World War II pilots. We had flown in international operations and especially in the Middle East. And we had both flown the Curtis C-46 airplane that appears to bond into a group those pilots who have flown it. It was huge for the time, and when one of the two engines failed, it was like hanging onto a raging tiger to keep the plane under control. (This broad aviation background, and my exposure activities, gave me a camaraderie relationship with many deep-cover sources that I acquired over the years.)

Bowen gave me many hours of information concerning his activities for the OSS and CIA. Much of what Bowen told me was confirmed by other deep-cover operatives. The amount of information he provided was nothing near what Russbacher provided, but it still was valuable to understand the actions of the CIA and its predecessor during World War II, the Office of Strategic Services.

Bowen was a pilot in World War II flying P-38’s with the rank of Lieutenant Colonel. He received the Distinguished Flying Cross, the Distinguished Service Medal, and other decorations for meritorious service. He said he was the youngest P-38 fighter pilot at that time.

During World War II, Bowen was brought into the OSS by General William Donovan, who was selected by President Franklin Roosevelt to form this intelligence unit. When President Truman disbanded the OSS in 1947, several dozen OSS members secretly maintained their organization under the cover of
the CIA and were known as “Faction Three” in the Central Intelligence Agency. Bowen was part of a group of about seventy-five people from the former Office of Strategic Services (OSS).

In his OSS /CIA role, Bowen was the pilot for United Nations Secretary General Dag Hammarskjold, the Shah of Iran, and eventually Fulgencio Batista, the former dictator of Cuba. My flight paths and Bowen’s had crossed when my piloting duties took me to the Middle East on temporary assignment from my base at Oakland, California. I flew Moslem pilgrims to Mecca during the summer months in the mid-1950s, and also flew through Middle East countries flying planes containing over 1600 monkeys from New Delhi, India, to the United States for the Salk polio vaccine program. Bowen often flew DC-3 and C-46 aircraft from Kabul, Afghanistan, to Beirut via Teheran, the route that I frequently flew in the same type of aircraft. Bowen was flying material for the CIA.

Bowen surprised me when he said that two employees of the airline that I worked for, Transocean Airlines, were CIA operatives: Allan A. Barrie, General Manager for Iranian Airways in Teheran, and Henry F. “Hank” Maierhoffer. Bowen started up several airlines in South America after the war that served as covers for the CIA.

**OSS Pilot Involved in Kidnapping Ochoa’s Sister**

Bowen described in role in various deep-cover activities, including extracting CIA assets from various locations in South America and in assassinations. He described in great detail the role he played in the kidnapping of Ochoa’s sister. He piloted the DC-3 aircraft that flew Leona to a remote location where she was held until her release.

**Casey’s Undercover CIA Operations**

Bowen said that he reported directly to William Casey in the CIA during the 1960s and 1970s. He indicated that Casey was with the CIA in a covert capacity after World War II and long before becoming its director in 1981. Bowen said that he flew dozens of covert CIA operations in the Middle East and Latin America under Casey’s direction. Bowen also mentioned meeting Casey and other handlers on his trips to Washington at secret places and receiving verbal instructions and suitcases filled with money.

Casey was part of the OSS during World War II until President Truman disbanded it in 1947. He then became a covert operative for the CIA with no publicized connection to the Agency until 1981, when President Reagan appointed him Director of the CIA.

Bowen elaborated upon his dealings with the Medellin and Cali drug cartels as a CIA operative and the role played by the Mossad in these dealings. Bowen was a friend of Theodore Shackley, a CIA kingpin in CIA drug activities, working closely with the cartels. Bowen said that the CIA provided Theodore Shackley the alias of Robert Haynes. Bowen worked with Shackley from the early 1950s to 1984.

**Crashing in the Andes**

In 1959, Shackley was on board a C-46 aircraft flown by Bowen when an engine failure forced them to crash-land on the eastern slopes of the Andes in Bolivia. I’ve also flown C-46 aircraft, and know that with an engine out, it is
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very difficult to maintain level flight, and especially at the high altitude being flown over the Andes. The plane crashed, but everyone survived.

I had an opportunity to question Shackley on this crash while I was a guest at the national convention for the Association of Former Intelligence Officers (AFIO) held at San Francisco in November 1995. While eating lunch at the convention I suddenly spotted Shackley and his wife sitting immediately across from me. Since I did not know if he had read my earlier books in which I made reference to him, and since I wanted to be low-key at this convention, I didn’t introduce myself to him. However, I wanted to get Shackley’s reaction to the plane crash described by Bowen, and asked former National Security Agency (NSA) agent Joe T. Jordan, who sponsored my appearance at the convention, to ask.

**Crash Landing with CIA and Drugs on Board**

Jordan said that Shackley “stated unequivocally that it was untrue.” I didn’t think that Bowen would lie to me on a matter like that so I called Bowen at his Florida residence, advising him of Shackley’s reply. I asked, “Was there something going on with that flight that Shackley would not want anyone to know that he was on it?”

“Of course! It was loaded with drugs!” Bowen responded. Bowen enlarged upon the purpose of that trip. He stated that this trip occurred several years before Shackley was made CIA station chief in Miami, and that Shackley was instrumental in setting up the CIA drug trafficking into the United States from South America. Bowen said that the series of flights went from Miami, to Colombia, to Quayaqui, to Lima, and then to Arequita. After the plane left Arequita going eastbound over the Andes, one of the two engines failed, causing the aircraft to lose altitude. Bowen was able to maneuver the aircraft into one of the few available flat areas, and crash-landed the plane.

Bowen said that Shackley had arranged for cocaine to be loaded on board the aircraft, where it was hidden in the tail section. Bowen, Shackley, and the others then abandoned the crashed aircraft. Eventually the Bolivian authorities discovered the drugs, but the pilots and passengers were long gone. This would explain why Shackley wanted to distance himself from that crash.

**Key CIA Official Setting Up Drug Suppliers and Routes**

Bowen said that Shackley went to Ascension, Paraguay to arrange for drugs to be shipped to Miami, meeting with the head chief of one of the Indian groups and a Lieutenant Colonel in Paraguay’s military. Bowen said that these people were the backbone of Strainer’s intelligence and drug dealing activities.

Bowen described the conflict between different CIA factions. “At that time,” Bowen said, “Shackley was the leader of the CIA faction bringing the drugs in. The CIA team I worked for did not want the drugs in.”

**CIA Mastermind of Drug Route from South America**

I asked who set up that initial drug operation. Bowen, referring to Shackley, said, “He was the mastermind of the drug operation. He had full authority to set it up.”

Referring to the CIA headquarters that was first in Washington and then in McLean, Virginia, I asked, “Would you have any knowledge of whether McLean or Washington was aware of this drug operation?”
“They ordered him to do it.”

**Money Laundering Proprietaries**

Bowen described one of the CIA proprietaries operated by Shackley, INTERKREDIT, with offices in Medellin, Amsterdam, and Ft. Lauderdale. During the Vietnam War Shackley helped manage the extensive CIA drug operations in the Golden Triangle Area, and was the executive director of the CIA Phoenix Program (that murdered over 40,000 Vietnamese civilians). Shackley directed the CIA’s secret war against Laos in the mid-1960s, and later became chief of station in Saigon. He directed the transfer of tens of millions if not billions of dollars received from the CIA-promoted heroin trade in the Golden Triangle of Burma, Thailand, and Laos.

When Shackley was chief of station for the CIA in charge of Central and South American operations, he reportedly directed the massive drug trafficking into the United States that subsequently blossomed. He directed the operation known as “TRACK II,” which led to the overthrow of the Salvador Allende government in Chile in 1973. He was just the man to coordinate the CIA’s development of the burgeoning drug trafficking from Central and South America into the United States.

Bowen gave me details of the CIA ties to the Medellin drug cartel that Russbacher and Parker had described to me earlier. Each gave me details of the formation of the Medellin cartel from another perspective.

**Unusual Attempt to Expose Drug Trafficking, Or, Simply Caught!**

During a drug-hauling flight in 1982 for the CIA Bowen was arrested hauling drugs. The resulting media publicity prevented the CIA from arranging a get-out-of-jail card and he spent several years in federal prison.

Bowen said that he was requested by CIA operative Henry Meierhoffer\(^{19}\) to pilot a trip to Medellin, Colombia, carrying a government undercover agent and to return with another agent. But when Bowen arrived in Medellin, he said Shackley placed eight hundred pounds of cocaine on board the return flight, including two hundred pounds belonging to the Mossad.

**Standard Silencing Tactic**

On the return flight to the United States, as he landed at Sylvania Airport in Georgia, federal agents surrounded the aircraft and he was arrested. Bowen said that at his trial in 1985, the U.S. District Judge refused to allow him to have his CIA handlers, including Meierhoffer, appear as witnesses. The Judge refused to allow Bowen to produce records and testimony showing that he was carrying out CIA activities.

Refusing to allow evidence to be presented that is necessary to a person’s defense, when covert government activities are involved, is a standard pattern by federal judges. Almost every CIA and DEA person with whom I have talked, and who had been imprisoned, experienced this pattern, including Russbacher, Rewald, Riconosciuto, Wilson, and others.

Bowen’s court-appointed defender displayed the usual lack of aggressiveness, with no desire to raise a defense that would expose covert government ac-

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\(^{19}\) On March 2, 1984. Interestingly, Meierhoffer had been an employee of Transocean Airlines in Beirut during the time I was a captain for the airline.
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Activities. It is probable that the naive jury felt that Justice Department prosecutors surely would not lie or bring false charges against an innocent person. They convicted Bowen, and he was sentenced to ten years in prison.

**DEA-CIA Drugs-Arms-Trafficker, Basil Abbott**

Another pilot with whom I had been in frequent contact was Basil "Bo" Abbott, who operated in the lower levels of undercover operations as a pilot for the Drug Enforcement Administration (DEA). His experiences provided another insight into the bizarre world of CIA and DEA drug trafficking. Abbott flew arms from the United States to Central and South America from 1973 to 1983 in small general aviation planes that were provided to him by the DEA. Over a period of several years Abbott provided me with details and maps relating to these arms and drug activities for the DEA and CIA.

**DEA Drug Pilot Training at FAA Center, Oklahoma City**

Abbott described receiving specialized pilot training from DEA air wing commander William Coller at the FAA facility in Oklahoma City, preparing him to fly drugs in and out of short dirt strips in Central and South America, how to ditch in the water, and other emergencies. Classroom training was given on how to avoid radar detection, the routes to fly and the hours to fly them so as to avoid detection by drug interdiction aircraft. Coller trained Abbott in numerous aircraft, including the Cessna 180, 185, 206, 210, and 310, and Piper Aztec, AeroStar, and Navajo. (In 1999, Coller confirmed to me that he coordinated the Air Wing operation and that he did give Abbott flight training.)

During Abbott’s DEA employment, he worked out of DEA offices in Denver, Charleston, and in 1978 the DEA facility at Addison Airport, north of Dallas. Abbott named other DEA pilots who, acting under DEA orders, flew drug flights from Central America to the United States. These pilots included Cesar Rodriguez, Daniel Miranda, and George Phillips.

**Flying Arms for the DEA to Central America and Drugs Back**

Abbott was ordered by the DEA to fly arms to numerous Central America locations. One of these flights, occurring in 1982, flew arms into a dirt strip near Bluefields, Nicaragua for the Miskito Indians. From there, Abbott flew to a strip known as B2E, where drugs were loaded for the return flight to the United States. Some of these flights landed at a small airfield near Memphis, Tennessee.

These flights were profitable for everyone involved, including the pilots. In addition to being paid in cash for each flight, pilots flying for the DEA were sometimes given part of the drug loads, which they later sold. Abbott received $60,000 and fifty pounds of pot for this flight to the Miskito Indians and return with drugs.

Abbott described flying drug loads out of small landing strips in Nicaragua, Antigua, Honduras, Costa Rica, Salvador, Guatemala, Belize, and Mexico. He arranged for fuel supplies and ground facilities at these locations, and regularly bribed local politicians to cooperate and protect the arms and drug flights. These flights were hazardous in many ways. Abbott described DEA pilots flying arms to the M-19 group in Colombia, during which some of the pilots were assassinated. Abbott’s fluency in several languages besides English—Spanish, Swedish, Norwegian, and Danish—was helpful in covert activities. During his
DEA-associated activities, he circulated in prominent Central America society, socializing with well-known political figures, including Alfredo Stroessner in Paraguay.

Abbott described a Bolivian 707 that regularly hauled drugs into Panama with the DEA‘s knowledge. When Abbott asked his DEA handlers about it, they told him to forget it.

**Drug Plane Traffic Like Grand Central Station**

“It was like Grand Central Station at some airstrips in Belize and Nicaragua,” was how Abbott described the number of planes flying drugs. Abbott told how he and other DEA personnel flew to Santa Cruz, Bolivia, in a Convair 340 to set a trap for the son of the Israeli Ambassador, Sam Weisgal, involving a large shipment of cocaine to the United States. When the drug bust occurred, several people were killed. The DEA seized the drugs and then reshipped them as if they were DEA loads. Weisgal escaped the drug bust, but was later captured. However, Israeli pressure brought about his release.

**Danger of Knowing Too Much about CIA-DEA Drug Trafficking**

On a flight to Cancun, Mexico (June 1983), DEA agents acting with Mexican police arrested Abbott. While in jail, he was interrogated by DEA agents Richard Braziel, Torry Schutz, Jerry Carter, and Assistant U.S. Attorney (AUSA) John Murphy. When Abbott wouldn’t answer the questions, Mexican police, at Brazil’s request, tortured him. U.S. agents then transported Abbott to a county jail in San Antonio, Texas, where he was visited by CIA agents who assured him that he would be released shortly. Instead, Abbott was sentenced to eight years in prison by Judge Fred Shannon. DEA agent Richard Braziel then told Abbott the sentence was only for show, and that they would get him released if he did not say anything about the DEA and CIA drug operations.

Abbott was eventually released. After his release on probation, Abbott tried to obtain media interest in DEA drug trafficking, including the Larry King Show. He had no more success than I had during 30 years of attempting to expose government corruption. Abbott even tried to give his evidence to Manuel Noriega’s attorneys to show how Noriega was simply a part of the CIA, DEA, and Mossad drug trafficking into the United States.

Several sources did respond to Abbott’s efforts: the DEA, FBI, and Department of Justice. They fabricated a reason for arresting Abbott while on probation, stating that he had left the geographical limits of his parole at Dallas by flying a private plane to nearby Austin. Upon readying his plane for the return flight to Dallas, government agents arrested him, charging him with violating parole conditions.

**Death to DEA Chief Pilot Exposing DEA-CIA Drug Trafficking**

Abbott described his frequent contacts with the DEA’s Central America Bureau Chief, Sante Bario, and how the DEA silenced Bario to keep the CIA and DEA drug smuggling operations from the public. Bario was supervising agent in Mexico City for Central and South American affairs.

According to Coller, Bario became involved in drug trafficking on the side and was set up by a government informant in Chicago, where he was arrested. Another source had it that Bario knew too much about Mexican and U.S. government involvement in drugs, and that either or both governments wanted him
out of the way.

In 1979, DEA and Justice Department attorneys charged Bario with drug offenses, causing his imprisonment. When Bario was brought before U.S. District Judge Fred Shannon in San Antonio, Bario reportedly tried to describe his DEA duties and the DEA and CIA drug trafficking, but Justice Department attorneys and the judge blocked him from proceeding.

After being returned to his jail cell in San Antonio’s Bexar County Jail, a prison guard gave Bario a strychnine-laced peanut-butter sandwich, causing immediate painful convulsions and subsequent death. The official autopsy report covered up for this murder, reporting that Bario died of asphyxiation.

Abbott described acquiring a common-law wife in Sweden who bore their child. She moved to the United States and started an import business bringing sweaters into the United States from Norway and Iceland. Abbott feared for the safety of his wife and daughter after the DEA targeted him, and he sent them back to Sweden.

**Assassinating Abbott’s Wife**

After he was arrested and in federal prison at Bastrop (near San Antonio, Texas) his wife, living in Sweden, tried to get media attention on the DEA drug trafficking by talking to newspapers in Germany, hoping that this attention would force the DEA and Justice Department to release Abbott. Instead, she joined the long list of those who posed a threat to U.S. officials and their criminal activities; she was assassinated.

Abbott’s grief over his wife’s assassination, and the constant attempts by government agents to silence him, made him determined to expose the drug trafficking by the DEA, CIA and Justice Department. He sent me many letters describing in great detail the DEA and CIA drug operations, including maps of landing sites, people he contacted, and the names of other DEA pilots.

Abbott was released from prison on November 14, 1994, and became one of several former prisoners who credit my letters (such as to the parole board in Abbott’s case), along with a copy of the second edition of *Defrauding America*, with bringing about their release.

**Operation Buy Back: CIA-DEA Drug Smuggling Operation**

Abbott told of an operation, which CIA-ONI agent Gunther Russbacher enlarged upon, involving smuggling drugs in frozen shrimp, using a CIA front company, Pacific Seafood Transportation Company. Russbacher and other CIA operatives confirmed the drug trafficking by Pacific Seafood. Russbacher said that shrimp containers “were filled with ice and everything but shrimp.” He said it was part of a joint DEA-CIA operation called Operation Buy Back.

Abbott described many of the people with whom he came in contact who were also heavily involved in drug-related activities. He described his close contacts with Eric Arturo Del-Valle, a member of Panama’s Jewish community, and who was president of Panama. Artur’s family was in the sugar export business, which Abbott said was a subterfuge for cocaine exports to the United States by the Mossad.

**Using Export Companies as Fronts to Ship Drugs**

Abbott described the relationship between the major Bolivian drug traffickers, Sonia and Walter Atala, the Roberto Suarez cocaine gang, and the CIA. The
Atalas leased a Boeing 727 in 1980 and 1981, painted the name Lloyd Aero Boliviano on the side, and used it to haul cocaine into Tocumen Airport from Bolivia and Paraguay. At Tocumen Airport the cocaine was off-loaded to a warehouse owned by the Atalas, which was a front for exporting Hitachi radios and television sets back to Bolivia and Paraguay. (Abbott also picked up cocaine numerous times at Tocumen Airport.)

From Tocumen Airport the cocaine was loaded onto small planes, or onto TACA Airlines, flying to the United States. Every morning at 6 a.m. TACA departed Tocumen for El Salvador, Belize, Costa Rica, Nicaragua, and eventually to New Orleans, Miami, and Houston. Cocaine was off-loaded at one or all of these stops in the United States. The cocaine would sometimes be driven from Atala’s warehouse at Tocumen to the Colon Free Trade Zone, placed into another of Atoll’s front companies, and eventually put on ships going to the United States. Abbott described the frequent presence of Manuel Noriega at CIA and DEA drug transshipment points. He said that Noriega’s CIA code name was “Nelson.”

**Belize as A Major Drug Transshipment Point**

Abbott described the heavy drug trafficking occurring in Belize and how that country was used by the CIA for training Contras, similar to what was occurring in Arkansas at Mena Airport. Abbott described Operation Bushmaster in Belize, which was intended to take over the drug business from the many independent drug smugglers, being taken over by the CIA for greater profit and greater security. Busting independent drug traffickers was one of the joint CIA-Justice Department tactics to control the drug business into the United States. So powerful was the CIA’s presence in Belize that it literally took over the government.

**Helping Former Savings and Loan Kingpin with Drug Trafficking**

He described a Mexican cocaine-processing lab that he discovered north of Cuatrocienegas in the state of Chihuahua. Abbott stated that he helped Robert Corson, well known in the savings and loan scandals of the 1980s, set up that lab, after which DEA agents arrested Abbott. Abbott stated that cocaine processed at that lab was transported by land, and sometimes by air, to a small airstrip at Lajitas in West Texas, on land controlled by Walt Mischner. From there it was then flown to other points in the United States.

**The Arkansas Connection**

One of the Arkansas airstrips into which Abbott was directed to deliver drugs was south of Interstate 30 just southwest of W. Memphis, Tennessee, called Marianna. Several of my other deep-cover contacts described drugs going into that same airport, and the role played by state police in protecting the drug and arms operations.

**DEA Agent Received Drug Load in Arkansas**

While Arkansas State Police Provided Protection

Abbott described how Arkansas State Police protected drug loads by blocking off roads leading to small airstrips when drug flights arrived. He described one such instance occurring in the spring of 1982. Abbott flew a Cessna 210 containing 300 kilos of cocaine from one of several warehouses at Tocumen owned by drug traffickers Walter and Sonia Atala, to the crop-duster landing
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strip at Marianna, Arkansas. He made a fuel stop in Belize, famous for transition of drug-loaded aircraft, and then proceeded to his Marianna destination. A Memphis-based DEA agent took the cocaine from Abbott, while an Arkansas state trooper blocked the road leading to the landing strip. A week later, Abbott took off from that strip with six suitcases of money, delivering it to Cesar Rodriguez at Isla Contadora. Abbott said the plane was provided by Robert Corson through Jim Bath of Houston.

Further Confirmation of CIA-DEA Theft of Planes

Abbott described the CIA stealing of general aviation planes within the United States for use in the CIA’s arms and drug shipments. This coincided with what several of my CIA contacts had stated to me for several years, and as described by former CIA asset Terry Reed in his book, Compromised. The stolen aircraft were repainted and new serial numbers applied, after which they were flown to Central and South America with loads of arms, and then drugs on the return flights.

Mexican Airliners and Drugs

It was in the early 1990s that Abbott described how he arranged the unloading of drugs from Mexican airliners in the Mexican desert near Texas. At the time this sounded rather bizarre, but his detailed description of the events over a period of several years convinced me that he was telling the truth. Further, an article (November 30, 1995) in the New York Times (and earlier in the Los Angeles Times) was headlined, “Drug Plane Unloaded in Mexico, Maybe by Police.” The article described a Caravelle passenger jet being landed on a dry lakebed near Todos Santos, Mexico. The Caravelle was a French-built airliner that was flown by United Airlines during the 1960s.

Mexican Federal Police Protecting Drug Operation

Normally this operation would have gone unreported, as many others had occurred. But this drug operation was reported because of the unusual events surrounding its occurrence. The aircraft’s nose wheel was damaged upon landing, preventing a subsequent takeoff. The article described how heavily armed federal police unloaded the plane after it landed and then proceeded to destroy the aircraft. All identifying documents and avionics equipment were removed from the plane, the wings cut off, and an attempt made to blow up the plane. A large hole was bulldozed in the ground and the plane was buried.

Confrontation Between Mexican State and Federal Police

Complications developed while the plane was being destroyed. The state police commander and several deputies arrived to investigate, and were confronted in a tense standoff with the federal police, who advised that the army had been notified and the situation was under control. The 30 federal policemen involved in the drug operation were suddenly transferred and unavailable for questioning by the federal prosecutor in the Baja California jurisdiction.

Making reference to the use of large jets in similar situations, Mexican Foreign Minister Jose Angel Gurria said in a recent interview that drug traffickers had stopped using large passenger jets.

CIA Cable Analyst Michael Maholy

For several years, starting in 1993, I was in contact with deep-cover operative Michael Maholy whose primary duty was monitoring cable traffic at dif-
ferent CIA locations. Maholy started giving me information and a different slant on the role of federal officials in drug trafficking from Central and South America into the United States. Maholy said he was a liaison officer for the U.S. Embassy in Panama and worked for the U.S. State Department and CIA for over two decades.

Maholy’s deep-cover connections were given additional support when investigative journalist and author of *Barry and the Boys* discovered letters in possession of the widow of infamous drug trafficker Barry Seal. Among these letters was a letter by Democratic powerbroker Richard Ben-Veniste that referred to Michael Maholy.

Maholy wrote in one of his many letters to me about his role at a U.S. Embassy:

*I have spent time in South American countries providing photos, documents, maps, and all intelligence for the U.S. Embassies in Central and South America. I first became acquainted with agent [Robert] Hunt in 1985 in Panama where I was the liaison officer for the U.S. Embassy. He was always accompanied by [Oliver] North and his team. This went on for several years. I recall reading cable traffic where his name came up repeatedly.*

*During my contacts with [CIA Director] William Casey, I was drafted into the Southern Zone (Central and South American countries) so that we could start operations on spying on Panama, Colombia, and other countries that were making huge amounts of money from drugs. They needed weapons and firepower. We, the CIA, provided them. They in turn sold us drugs... many instances of cover-up conspiracies that continue to multiply as we are talking.*

*On one tour to South America I worked on a CIA-owned oilrig operated by a company called Rowan International, based in Houston, Texas. Rowan is a worldwide drilling exploration company with very friendly liaisons in Central America and South America, as well as Africa and Middle East.*

*While in Balboa Harbor off the coast of Panama, on the rig Rowan Houston, at approximately 2:00 a.m., a helicopter landed on the heliport. I was monitoring cables and traffic when our radar detected a small support group which turned out to be patrol boats, four in all. At this point I thought the rig was going to be taken over by hostile forces. But instead I could not believe who was getting out of the chopper: it was Noriega and another man. I contacted the “company man” and he informed me that this meeting was not to be documented and to go back and resume the task of cable and traffic. I found out later that this man with Noriega was [Mossad agent] Michael Harari. I found out later that they were trying to raise money for the CIA by selling drugs to plan the destruction of a hydroelectric power plant on the Orinoco River in Venezuela.*

Over a period of many months, Maholy gave me details of CIA and Mossad drug trafficking. He named the companies owning the oil rigs off the coast of the United States, Central and South America, Nigeria, and Angola: Santa Fe, Zapata, and Rowan. He physically saw Evergreen International Airlines and
Southern Air Transport hauling drugs, confirmed by cable traffic he handled. I had repeatedly heard from investigators and CIA contacts that various divisions of the Zapata Corporation, such as Zapata Petroleum, Zapata Off-Shore, and Zapata Cattle Company were heavily involved in drug trafficking. The oilrigs were used to carry out the drug operations. Drugs would be off-loaded from ships onto the drilling platforms and then taken into the nearby coastal areas in helicopters that were constantly carrying supplies and personnel. Maholy confirmed that this practice existed, having learned about it from CIA cable traffic and his own observations while on the rigs.

In another letter, Maholy wrote in part:

_The real mission [of these oil and gas drilling platforms] was to funnel weapons and money to the Nicaraguans, and also to bring illegal drugs into the United States. Being a CIA-funded mission, the rig had Naval SEAL teams diverted through its location....Rowan International was a cover for a branch of Zapata Oil. Zapata Oil and Exploration had many land-based operations in Central and South America as well as offshore rigs._

We had access to military cryptographics such as the kW 135, the KL 16, KL 10 and the CW 4 to decode and sift out any cable traffic from transmissions from Guatemala, El Salvador, Costa Rica, and Panama. Maholy confirmed what other CIA sources had told me about the CIA drug trafficking through Pacific Seafood. He wrote:

_This company [Pacific Seafood] used a number of vessels to carry out covert missions to run weapons, drugs and cash from country to country. Not only would their “shrimp” trawlers use the oil rigs for loading, unloading and refueling, and also to deliver large sums of money for aid to the Contras. The shrimpers would constantly converge on our rig to convert, store and transport all of the above. The crews were all seasoned paramilitary experts in their abilities to search and destroy, CIA trained and specialists in their fields._

_It was from one of the shrimp boat captains that I would come to meet Barry Seal’s main right-wing contact from Morgan City, La. His name was Russell Hebert, and the name on his shrimp boat was Southern Crossing. This boat had state-of-the-art radar, hi-tech navigation systems, extra fuel tanks, and a crew consisting only of “special forces or [Navy] Seals.”_ Maholy wrote that he remembers Russell Bowen flying onto the rig and then flying two DEA agents to Colombia. I called Bowen, who lived in Winter Haven, Florida at the time, and asked him about this flight. Bowen confirmed that it was him. I said to Bowen that Maholy mentioned having seen him at the oil-rig, and Bowen then confirmed it, stating it was part of the operation that extracted CIA agent Sam Cummings from Costa Rica.

**Offshore Oil Rigs and Drugs**

Maholy described the drugs that he had seen on the oil platforms operated by the CIA and Zapata Corporation. In one letter he wrote, “A shrimp boat ar-

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20 Zapata Corporation, based in Houston, was a CIA asset, and the stock partly owned by George Bush. Zapata Petroleum was organized by George Bush, who reportedly had major interests in various Zapata divisions.
rived with a load of cocaine with the markings of the Mossad’s famous two triangles that resembled the Star of David.”

**Flying Slow to Avoid Suspicion**

Maholy described how the drug planes would fly low and proceed from the off-shore oil rigs to the United States at very slow speeds of approximately 120 knots, so that they would appear on radar as helicopters servicing the rigs. Maholy described how the Ochoa drug cartel used the coastal oil rigs for drug transshipments. He described the role of a Venezuelan naval officer by the name of Lizardo Marquez Perez, who was in charge of this drug operation, and frequently seen on the oil rigs by Maholy.

Maholy described the cover-up of the drug operation by such people as the Chief of the DEA cocaine operations in Washington, Ron Caffrey, Oliver North, CIA’s Duane (Dewey) Clarridge, Army Lieutenant General Paul Gorman (commander of the Panama-based U.S. Southern Command), and others.

Excerpts from some of Manhole’s letters:

*A person I’ve met on several occasions was in the Colombia Cartel, Carlos Lehder. During Operation Back Door he and several of his soldiers were planning to use CIA oil rigs and the shrimp industries to import drugs into America. Carlos had DEA personnel assigned to work with him. I myself have been to his home on Norman’s Cay in the Bahamas. He had a stash of drugs shipped back and forth to Everglade City in the Ten Thousands Islands area of Southern Florida. When the rig Rowan Midland was in Venezuela, Carlos had a regular agent of his as a tool-pusher to oversee all shipments coming and going. The CIA would buy drugs and supply friends of the Colombian government with money and weapons.*

*They used the remote mangrove swamps to unload huge loads of pot and cocaine to get it to Miami to distribute. With help from CIA and DEA agents, Carlos would set up a few loads as decoy to make it look good so he could get major shipments into the United States. Operation Back Door had a priority of great importance. I was to monitor some of the cable and equipment, also scramble transmissions made from his boats and planes, so he could go undetected.*

*Also to make sure his money would be on the rig when he wanted it, Carlos got to be “mouthy.” The government set him up and double-crossed him. The rig was then moved to Aruba and once again set up as a relay station and command center. The M-19 group was also involved in several covert missions. Operation Back Door simply meant the drugs would come to America via the back door.*

Maholy described his dealings with drug trafficker Barry Seal (aka Ellis McKenzie and a former pilot for TWA Airlines). Maholy said that Seal was involved with the Noriega Cartel in a top-secret operation. Seal’s Miami contact was a person using the name of “Lit.” They flew through airspace “windows” when the military radar would ignore the targets. As the planes approached the oilrigs off the coast of the United States the planes flew close to the water, avoiding radar detection.
Getting Rid of the Drug Competition

Maholy elaborated upon his role in Operation Screamer, which was a mammoth sting operation, aimed at penetrating the network of mercenary pilots that were flying drugs in competition with the CIA. On this operation Maholy worked under DEA agent-in-charge Randy Beasley. Maholy told how Seal offered to turn informant, allegedly implicating high federal officials, including former Watergate prosecutor Richard Ben-Veniste. Maholy stated, “This made Beasley and others uneasy. Why? Because they themselves were dirty.”

Largest Heroin Seizure in U.S. History: Another CIA Drug Operation

Much of what is written in the media is not what it seems. In May 1991, federal agents seized over 1,000 pounds of heroin in an Oakland, California warehouse, reportedly the largest heroin seizure in the nation’s history at that time. Due to the compartmentalization common to intelligence agencies, the arresting agents were unaware that they interrupted a large-scale drug smuggling operation involving the CIA.

Five people were charged with importing heroin, possession with intent to distribute heroin, and conspiracy. A subtitle to a San Francisco Examiner article describing the case stated it was the “largest-ever seizure.” Over 1,000 pounds of high-grade “China White” heroin was smuggled into the Port of Oakland from Taiwan.

The 1991 seizure of the largest quantity of China White heroin involved the arrest of two families from Thailand who lived in nearby Danville, California. The case was assigned to Judge Vaughn Walker.21 His actions, and those of the Justice Department attorneys, showed evidence of covering up the CIA drug operation. Apparently, they learned that the drug seizure involved an ongoing CIA drug smuggling operation, and they now had to keep the lid on the drug seizure and avoid a publicity-generating trial.

Standard Practice of Judicial And Justice Department Obstruction of Justice

Despite this being the biggest heroin seizure in the nation’s history, Justice Department prosecutors and District Judge Vaughn Walker approved a lenient sentence for most of the defendants. Through a plea agreement reached in July 1993, the defendants pled guilty in exchange for probation or a short prison sentence. Several of the defendants pled guilty to knowing a federal crime had been committed and failing to promptly report it to federal authorities. By failing to promptly report a federal crime to a federal judge or other federal officer, the failure becomes a crime by itself (Title 18 U.S.C. Section 4). The plea agreement with its lenient terms eliminated a trial that could have exposed high-level government connections to the heroin operation.

Operation New Wave and Operation Backlash

CIA agent Gunther Russbacher first told me about that operation on August 23, 1993. He said it was a major heroin trafficking operation into the United States, and that the code name for the parent operation was Operation New Wave, coded as NW 688-01-B-NSC. One segment of that operation was named Operation Backlash and coded BL421-D-06.

21 USA v Chen, et al., CR 91-2096 VRW.
Russbacher stated that the operation, sanctioned on September 21, 1987, originated in San Francisco, and operated out of the offices of Levi International Imports-Pier 51. He then gave me the names of many key participants in the operation. He said that key personnel from the CIA included David Fuller from Los Angeles; John Beardsley from Mississippi, and Patrick O’Riley from New York City.

He said that those involved from the U.S. Department of Justice included Russ Taylor out of Lincoln, Nebraska; Saul Trattafiore out of Williamsport, and Sandy Weingarten out of St. Louis. Russbacher stated that they were all attorneys and, he believed, also Assistant U.S. Attorneys.

Drug Enforcement Administration participants in the drug operation, according to Russbacher, included Michael Cobb out of Orlando, and John David Pigg out of Oklahoma City. Pigg was killed in July 1993 in Anadarko, Oklahoma, reportedly for expressing disenchantment with the operation.

Explaining the Mossad’s Role in Drugging America
Russbacher described the role played by the Mossad in the drug trafficking into the United States in Operation New Wave and Operation Back Lash. He said the Mossad’s role was to guard the shipments until they reached the United States. He said that one of his Mossad contacts was Delilah Kaufman, a paralegal with an Italian law firm in the San Francisco area.

Russbacher described Navy Task Force liaison personnel as himself, using his navy alias of Robert Andrew Walker; John A. Woodruff (CIA person using that alias, and who is now deceased), and CIA operative Oswald LeWinter (with whom I had been in contact for many years).

Referring to Customs, Russbacher identified key participants as David Cohen out of the El Paso office; Precilla Montemajor and Taulyn Weber out of the San Francisco office, and Brett Sanderson out of the Seattle office.

Naming Mossad Agents
During a telephone conversation (September 6, 1993) Russbacher gave me the names of the Mossad personnel implicated in this drug trafficking operation who handled drug distribution in the San Francisco area.

First name is Robert Silberman, out of Chicago. Second name is Marta Bleiblatt, also out of Chicago. Third name, Simon, last name Goldblatt. He is out of Haifa and attached to New York. Fourth name, Ariel Colderman, San Francisco. Fifth one is Kasam Merchant, out of Los Angeles. Sixth one is David Turner, San Jose. Silberman and Bleiberg work for a company called Edeco. Goldblatt is a field supervisor on Operation White Elephant. The next one, the last three, are attached to Operation Lemgolem.

I told him that I would list their names in the next edition of Defrauding America, and he warned me about the viciousness of the Mossad and their killing of people in various countries whose statements or conduct displeased them. “I have no use for the Mossad and the harm they’ve inflicted upon the United States, and I’ll take my chances,” was my reply.

Mossad’s Drug Trafficking
Several of my CIA and DEA sources who were directly involved in the drug trafficking described the Mossad’s role in Central and South American drug trafficking. These sources described how the Mossad marked their drug
packages, how the Mossad shared space on CIA aircraft flying drugs into the United States, and about the vast network of Mossad operatives throughout Central and South America engaging in drug smuggling.

Mossad operatives connected with the drug operations included Michael “Freddy” Harari and David Kimche. Both worked hand-in-hand with the CIA and the drug traffickers, including the Medellin and Cali Cartels. When U.S. forces invaded Panama to arrest Noriega, Harari was caught in the fighting. Despite the fact that the Mossad’s role in drug trafficking was serious and that he was a co-conspirator with Noriega, the U.S. intelligence agencies allowed Harari to escape in an Israeli jet. If Harari had been captured and questioned, Israel’s involvement in the drug trafficking could have come out, as well as that of U.S. intelligence agencies.

Former OSS and CIA operative Russell Bowen had told me he worked alongside the Mossad and Harari for many years. He told me that Harari had started his vast Central and South American operations by smuggling cigarettes and then branching out into drugs.

**Mossad Agent Describing CIA Drug Trafficking**

Ben-Menashe writes in his book, _Profits of War_, “Whenever U.S. officials were caught red-handed doing something illegal, they usually lied like crazy and accused everyone else.” Ben-Menashe’s book tells about the drug trafficking into the United States by the CIA and the Israeli intelligence community, and how the profits went into the coffers of these intelligence agencies and into private companies controlled by them.

**British Investigation**

An investigation into drug trafficking was conducted by a British law commission headed by Lord Louis Blom-Cooper, which then conducted a year of hearings. The _London Times_ referred to the commission’s report as “a scorcher,” which found:

- The use of Antigua by the Mossad for drug trafficking and for training and arming the private armies of Colombia’s drug barons.
- Lying by CIA officials to the White House, claiming that the Israeli operations in Antigua were to train rebel forces to oust Panama’s Manuel Noriega.
- Mossad’s training of hundreds of Colombians into killers for assassination purposes.
- A long-standing practice by U.S. authorities to cover for the crimes of the Mossad group, which supported my findings and as described by my CIA and DEA sources.
- The role played by Israeli Major General Pinchas Shachar in the arms and drug operations. Shachar was the official representative for Israel Military Industries in the United States, with special access to the Pentagon and other guarded U.S. military installations. According to reports, CIA Director William Sessions wanted the British report entered into Shachar’s file and to suspend his special privileges. Attorney General William Barr rejected the recommendation, keeping the American public in the dark about this part of the drug trafficking. The article described how the Bush White House sought to ignore the report, just as the many other reports have been
hidden from the American public. Justice Department officials referred inquiries to the State Department, claiming it was a foreign affairs matter, and the State Department referred inquiries to the Justice Department, claiming it was a criminal matter.

**Implications of Mossad Involvement in Drugging America**

The repeated discovery that the intelligence agency of a foreign country, Israel, was heavily involved in several of the drug operations conducted against the American people was disturbing. Throughout my discoveries I learned of the involvement of Mossad agents in the smuggling of drugs into the United States and other crimes, including the October Surprise scheme, the theft of the Inslaw software, and the looting of Chapter 11 assets.

Referring to the drug-smuggling projects, Operation New Wave and Operation Backlash, Russbacher said that the intent of the operations were to bring heroin into the United States from the Far East using freighters, cruise-line transports, and other international lines. The ships would bring heroin from Far East ports through Central America, sometimes through northern South America, and then into the United States. Some of the intermediate points included Acapulco, Mazatlan, Sewantenego, Cabo San Lucas, and Ensenada.

United States ports included San Diego, Los Angeles, San Francisco, and Seattle. At San Diego, a transshipment point, non-military vessels went to the federal port known as O-1, District 00.01. In Los Angeles they used the Long Beach basin.

Also used were tankers, including the Greek tanker line Orion, which docked at Manhattan Beach, California. The oldest freighters would normally be Pan American or Iberian registry.

Drugs were also transshipped from Colombia, many times in ships of Norwegian registry, until 1989, and these were mostly cruise ships. Russbacher elaborated on the method of packing drugs on ships:

*On the cruise liners it was generally in the freezers, brought on board inside carcasses of beef. Also in the flour bags, 100 pound bags. They are referred to as flower barrels. On other types of ships it was either stored in the paint lockers, or there was a separate compartment built.*

I asked, “What is the remuneration or rewards for the different agencies that are involved in this operation?” Russbacher stated that there is a “split profit sharing” where the profits are divided among various proprietaries or front companies used by the different agencies.

**New York Times Article Describes Drugs on Cruise Ships**

A *New York Times* article (September 6, 1998) described the arrest of cruise ship employees with Celebrity and Norwegian cruise lines. Crewmembers on the ships, involved in the drug trafficking, had code names such as Fidel, Ratty, and 007, Puny. The drugs went from Jamaica to New York City and then to Bermuda. Speaking for the U.S. Attorney’s office, Jodi Avergun said:

*You never think that while you’re on vacation, you’re in the midst of serious drug smuggling. You think you’re safe and secure on a cruise to Bermuda but in fact, there are drug smugglers serving you lunch or making your meal.*

**Drug Smuggling Operations Still Active**

Russbacher said the operations were active, but limited to DEA and Cus-
Decades of Drug Smuggling by Government Agents

He said the CIA and Department of Justice dropped from active participation in March 1993, except for the criminal prosecutions in San Diego and San Francisco that had to be completed.

**Uncoordinated Government Agency Drug Smuggling Operations**

I asked Russbacher why the Department of Justice occasionally files criminal charges against people involved in drug smuggling operations tied in with the CIA or some other government agency. He said that the many individual fiefdoms in the CIA, Justice Department, and other agencies, and the compartmentalizing of information, result in charges being filed by one office against a person or operation that may be sanctioned by another office. Or, there may be turf battles between different agencies or between different offices of the same agency.

**Thailand Drug Smuggling Operation**

Since the defendants in the San Francisco action were from Thailand, I asked Russbacher how that country fits into the operation. He said the drug shipper in Thailand was a CIA front called Van Der Bergen International Shippers in Bangkok. “They’re the ones that are responsible for gathering [the drugs] out of Southeast Asia,” adding that Hong Kong was sought as a drug shipment point:

*But they [CIA] couldn’t get an agreement going with the British out of Hong Kong. The problem was, they wanted a higher percentile participation than our government was prepared to give. Instead of using Hong Kong, we used Macao. Eighty percent of the morphine block, we are not talking about the liquid, comes out of Macao, before it becomes morphine sulphate.*

**Increased Budgets Threatened the Drug Shipments**

Part of the operations was suspended in 1991 due to increased awareness at the southern transshipment ports. More federal funds were allocated for DEA and Customs agents, causing smuggling by certain DEA and Customs factions to be compromised. Even though the drug trafficking involved personnel from almost every federal agency responsible to prevent such trafficking, the smuggling was compartmentalized.

**Eastern Airline Whistleblower**

A former Eastern Airlines captain (EAL), Gerald K. Loeb, called me in 1994 and conveyed information about drug trafficking that he discovered while a pilot for the airline. He discovered a pattern of drug shipments going from Central and South America into the United States on EAL aircraft and shipment of pallets of money from Miami to Panama and Colombia.

**Eastern Airlines Carrying Drugs and Drug Money**

Loeb frequently noticed, in departures from Miami for Central America, containers placed on board the aircraft, which followed a pattern of usually arriving at the last few minutes before departure. This was followed by the same containers being off-loaded in Panama or Colombia in the presence of armed guards. The activity indicated drug and drug-money trafficking.

Loeb described how he gave detailed information of the drug trafficking to the Federal Bureau of Investigation, the Airline Pilots Association, to EAL President Frank Borman, and to *Time* magazine’s Jonathan Beaty, all of whom...
kept the lid on the criminal activities.

Dozens of times Customs agents discovered drugs hidden behind aircraft inspection plates as the Eastern Airlines aircraft arrived in Miami. Eastern pilots were concerned over the drug trafficking, as they themselves could be charged with drug-related offenses. As ALPA Chairman of Legislative Affairs for the Eastern pilots group in Miami, Loeb received many complaints from pilots about drugs being found on their aircraft as it arrived in Miami. Loeb testified to Congress that there were over sixty cases reported to him where this happened.

**FBI Retaliation Against People who Expose Drug Shipments**

Loeb developed a friendship with a young Eastern Airlines station agent in Panama City, Panama, who revealed to him that cocaine was being shipped on Eastern Airlines planes from Colombia and Panama into the United States. Loeb contacted a friend, Governor Thompson of New Hampshire, and described the massive drug smuggling and drug-money shipments that he had discovered. The governor then contacted Justice Department officials, who arranged for Loeb and two other Eastern Airlines employees to give information to the FBI in Miami.

Loeb identified these FBI agents as Special Agent in Charge F. Corliss, Assistant Special agent (ASAC) William Perry, and Special Agent Rod Beverley. The Eastern Airlines employee from Panama was threatened by FBI personnel and warned that he himself would be charged with a federal crime if he reported the drug and drug-money trafficking. Under federal criminal statutes these threats constituted federal crimes.  

Other Eastern Airlines employees contacted FBI agents seeking to report drug trafficking that they had observed, including, among others, an Eastern Airlines flight attendant and a ground service agent. Instead of receiving the information from these people, FBI agents threatened to file criminal charges against them for not reporting the criminal activities earlier. Failure to report a federal crime to a federal judge or other federal officer is called misprision of a felony under the federal crime reporting statute, Title 18 U.S.C. § 4.

The FBI traumatized witnesses to keep them from reporting the criminal acts involving federal personnel, and is a practice that I had seen for years. The FBI threats caused the witnesses to remain silent, which is apparently what the FBI agents wanted and which the agents knew would insure that the drug trafficking continued! Some of these witnesses then blamed Loeb for what had happened, and then went under cover.

**Numerous Appearances Before Congressional Committees, Followed by Felony Congressional Cover-Up**

Loeb testified before numerous congressional committees, including Senator John Kerry’s (D-MA) Subcommittee on Terrorism, Narcotics and International Communications. Referring to the meeting in Miami with the FBI, Loeb testified that the FBI reported to Eastern Airlines president Frank Borman
what Loeb and the other witnesses had said, and that the FBI said something had to be done to silence him and the other witnesses. Referring to his testimony, Loeb wrote in part:

The officials at Eastern Airlines and the corporate officers deemed [my reporting of the drug trafficking to the FBI] to be outrageous conduct. Having learned from the FBI within hours of my giving that information, they hired two private detectives and [then the harassment against me commenced]....[Drugs aboard Eastern Airlines aircraft] was an ongoing scenario, particularly from Panama, the hub operation, and Colombia. Our crews were very aware that they were unwittingly being duped and flying cargo, as [the drugs and drug-money were] called, that was unlisted in their aircraft, un-manifested, into ports of call in the United States of America.

**Hiring Private Detective Agency to Discredit Airline Captain**

Loeb testified that a private detective agency hired by Eastern management, Intercontinent Detective Agency of Miami, offered bribes of $2,500 and $5,000 to people to discredit Loeb and the Air Line Pilots Association, which was representing the pilots on whose plane drugs were found. The airline’s president fired Loeb for being “disloyal” to the company, after which Loeb fought the dismissal. Eventually, Loeb took a financial settlement and left the airline. Two weeks after Eastern fired Loeb, the airline fired another pilot, Ramon Valdez, who had hired an investigator to obtain additional evidence on the drug and drug-money shipments on Eastern Airlines aircraft.

**Cover-Up by Eastern Airlines’ President**

Loeb told me that when he first reported the drug trafficking on Eastern Airlines aircraft to Eastern president Frank Borman, and that Borman told him to mind his own business. Instead of responding to the serious problem, Borman and other Eastern management proceeded to harass Loeb.

**Sudden Amnesia by Cowards**

Initially, many Eastern Airlines pilots wanted to testify about the drug trafficking and drug-money laundering. But after they saw what happened to Loeb, they all developed “amnesia.” Loeb reported the drug trafficking to the president of the Airline Pilots Association, Henry A. Duffy, and explained that over two dozen Eastern Airlines’ pilots were actively involved in drug trafficking. Loeb said the ALPA president told him that drug trafficking was none of the union’s business. (I encountered a similar attitude when I brought to Duffy’s attention major air safety misconduct that was playing a key role in a series of fatal airline crashes, as explained in *Unfriendly Skies*.)

**Bush, Noriega, and Drugs**

Loeb told how, during the criminal proceedings against Noriega, that Noriega’s attorneys told Loeb that they had audio and videotapes of Noriega and Bush, and would release the tapes if the charges were not dropped against Noriega. One of the attorneys asked Loeb to pass the information to the Justice Department prosecutors, warning that if the charges were not dropped, the tapes would be released. The judge in the Noriega trial refused to permit any evidence entered into Noriega’s trial relating to the CIA or any other U.S. agency’s involvement in drug trafficking.
American Airlines and Braniff Airlines had Similar Drug Problems

I asked Loeb if the airlines that took over the Central and South America air traffic after Eastern Airlines went out of business became involved in the drug trafficking. He stated that American Airlines encountered similar problems. He also described how drug traffickers heavily used Braniff Airlines before it went out of business.

The House Committee on Government Operations issued a report after its hearings (March 1992) titled “Serious Mismanagement and Misconduct in the Treasury Department, Customs Service, and Other Federal Agencies and the Inadequacy of Efforts To Hold Agency Officials Accountable.” The report stated in part:

*This is the third in a series of hearings looking into allegations of mismanagement and misconduct by the U.S. Customs Service. Witnesses have testified about attempts by both Customs and Internal Affairs to prevent investigations from going forward. These are serious allegations. [Criminal would be more fitting!]*

This hearing...focuses on the implementation of the Customs reorganization plan, and the accountability of the Inspector General. But what is really at issue here is the overall effectiveness of counter-narcotics law enforcement efforts along the U.S.-Mexico border. The credibility of the Customs Service is at stake. Allegations of improper associations between law enforcement agents and drug traffickers are bad enough, but the inability and unwillingness to properly investigate such allegations cause the public to lose faith in the ability of the United States government to fight the war on drugs.

The report revealed that government officials sought to block the testimony of witnesses, showing the existence of obstruction of justice, which by itself is a crime. Included in the report was a letter to the committee signed by anonymous field agents of U.S. Customs, stating in part:

*We are writing to you to advise you of the continuing systemic corruption at the U.S. Customs Service. The “reorganization” of the Office of Enforcement has only removed necessary checks and balances. Integrity is virtually a non-existent commodity in Customs management.*

Former DEA agent Michael Levine wrote in *The Big White Lie* how the Drug Enforcement Administration destroyed evidence that resulted in high-level drug traffickers escaping prosecution.
CHAPTER TWO

CIA’s Arkansas Drug Activities

For years, a selected number of newspapers and magazines carried stories of the CIA arms and drug trafficking at the Mena Airport in Arkansas. Prosecution had been repeatedly blocked by Arkansas and federal officials. A May 21, 1992, *Arkansas Times* article carried a front page story of the drug trafficking, including three pictures of CIA contract agent and drug pilot Barry Seal, drug trafficker Jorge Luis Ochoa, and George Bush. Below their picture was the title, “BAD COMPANY.” A subheading read, “Arkansas’s most notorious drug smuggler testified about his links to Colombia. His ties to Washington have yet to be explained.” The article brought together the CIA’s Mena operations, the drug smuggling, the shooting down of a CIA C-123 over Nicaragua, Lt. Col. Oliver North’s arms shipments to Central America, and drug shipments back to the United States.

**Drug Cover-Ups by Governor Bill Clinton**

The criminal activities surrounding the CIA arms and drug trafficking at Mena Airport were well known to local residents, the local police, the Arkansas State Police, and the media. The local *Arkansas Gazette* published numerous investigative articles describing the criminal activities and the cover-up by the State Attorney General and Governor Bill Clinton.

Charles Black, assistant deputy prosecutor for Polk County, told Governor Clinton in 1988 about the drug trafficking, and asked that Clinton provide a million dollars to coordinate the evidence and prosecute. Clinton said he would get back to Black, and then never did. In 1991, the Arkansas Citizens Committee demonstrated in Little Rock, complaining about Clinton’s refusal to investigate and prosecute the complaints concerning massive drug trafficking in Arkansas.

During a White House press conference, senior White House correspondent Sarah McClendon asked President Clinton about his knowledge of the drug trafficking at Mena Airport. Clinton replied that this was a federal problem. Responsibilities under law for these criminal activities involve state as well as federal authorities. As governor of Arkansas, Clinton had a legal responsibility to have the charges investigated. Instead, he obstructed justice by keeping Arkansas law enforcement personnel from meeting its investigative responsibilities.
Testimony Showing CIA Drug Trafficking and Joint Drug Trafficking and Money Laundering with Organized Crime

Much testimony has been given by hundreds of insiders to congressional committees over the years depicting the involvement of U.S. government personnel in drug trafficking, drug-money laundering, and joint operations with organized crime. An example of this is found in several congressional transcripts marked Confidential, consisting of depositions taken in June 1991. One of the witnesses was a long-time CIA operative, Richard Brenneke, who testified in closed-door hearings conducted by members of the United States Congress and the Arkansas State Attorney General’s office. Brenneke’s testimony described the CIA drug trafficking, CIA ties to organized crime, and CIA money laundering. The transcript stated that the testimony would be made available to the Special Prosecutor (Lawrence Walsh) in the Iran-Contra case, and for other purposes.

Joint Money Laundering for CIA and Mafia

In the transcript of that testimony, Brenneke described his activities on behalf of the Central Intelligence Agency, about his expertise in handling financial transfers worldwide, including money transfers for the Central Intelligence Agency, commencing in 1968 and continuing until 1985. Brenneke testified to “handling money for them and handling East Bloc weapons purchases primarily made in Yugoslavia and Czechoslovakia.” He described flying as pilot for the CIA, including C-130 aircraft from Mena, Arkansas, to various airports in Panama, including Tucuman Airport at Panama City, and into Colon. Brenneke produced pilot logbooks showing the flights that he made for the CIA into Mena and other locations.

Brenneke testified that the weapon shipments were met by “members of the Panamanian Defense Forces” and “by Michael Harari.” He identified Harari in congressional testimony as a Mossad agent and “Manuel Noriega’s partner in a number of business deals in Panama. I know that first hand because I had to deal with him.”

He described carrying weapons and military personnel trained in Arkansas from Mena to Panama. He testified that the weapons frequently came either from government stores or through the Tamiami Gun Shop in Miami, Florida, and that his co-pilot on many of these flights was another CIA operative, Harry Rupp.

Brenneke described drug-trafficking flights from Medellin to Mena and to Iron Mountain Ranch in Texas. He identified Rich Mountain Aviation at Mena Airport (Inter-Mountain Regional Airport) and Fred Hampton as owning and operating the CIA-front operation.

CIA Cocaine Trafficking With Panamanians

When asked by congressional investigators about the nature of the cargo flown back to the United States, including into Mena, Brenneke testified, “I found the cargo to be cocaine; in some cases marijuana.” He testified that on
each return flight he carried 400 to 500 pounds of cocaine, which was loaded
by Panamanian Defense Force soldiers onto the CIA aircraft.

**Sale of Drugs by CIA to Gotti’s Organized Crime Family**

When asked about the disposition of the drugs, Brenneke testified that upon
landing at Mena Airport the drugs would be either off-loaded onto other air-
craft, or stored in Rich Mountain Aviation’s hangar. Brenneke testified that in
some instances the drugs were received by Freddie Hampton of Rich Mountain
Aviation, and in some cases “members of John Gotti’s family in New York.
One of them was an individual known to me by the name of Salvatore Reale.”
Brenneke testified:

Reale was Director of Security for Kennedy International Airport in New
York City... Mr. Reale was one of Mr. Gotti’s lieutenants. I watched the two
of them interact. Mr. Gotti would provide directions; Mr. Reale would carry
them out. It was his job to make sure that cargo being shipped through
Kennedy was not lost, but properly located, and in some cases avoiding
Customs.

This testimony linking organized crime with the CIA in drug trafficking caused
the Congressional investigators to ask, “Are you saying that you saw Mr. John
Gotti, the famous head of the organized crime syndicate, in New York, together
with Mr. Reale?” Brenneke replied, “Yes, sir, I did.”

**CIA Laundering Mafia’s Drug Money to Overseas Accounts**

In response to another question as to whether Mr. Gotti and Mr. Reale were
connected with the Central Intelligence Agency, Brenneke replied:

Yes. As far back as 1968 and early 1969, we [CIA] had begun to launder
money from organized crime families in New York. At that time, Mr. Gotti
was an up and coming member of one of the families. I got to know them at
that time. We used to wash their money overseas and put it in Switzerland
in nice, safe places for them.

“So you worked for Mr. Gotti as well as for the CIA?”

Actually the CIA told me to do that on his behalf.

“So the CIA was in partnership or association with Mr. Gotti?”

Yes, sir. I would say a partnership.

“Can you describe the nature of the partnership?”

Sure. The organized crime members had a need for two things: they needed
drugs brought into the country on a reliable, safe basis; and they needed
people taken out of the country or people brought into the country without
alerting Customs or INS to the fact that they were being brought into the
country. They also needed their money taken offshore so that it would not
be subject to United States tax where they might have to declare its source.
And so we [CIA] performed these kinds of functions for them.

**CIA in Business of Drugging America for Decades**

“Mr. Brenneke, are you saying that the CIA was in the business of bringing
drugs into the United States?”

Yes sir. That’s exactly what I’m saying.

“And that they were in partnership with John Gotti in this operation?”

I would say that they worked with Mr. Gotti and his organization very
closely. Whether it was a formal partnership, I don’t know. But there cer-
tainly was a close alliance between the two.

Brenneke testified that the Gotti people told him the drugs would be taken to “the New York City area, specifically Kennedy International Airport.” He testified that the CIA handler he was working for was Robert Kerritt, and that Kerritt paid the various CIA assets in the Mena area. Brenneke continued:

Mr. Kerritt is a full-time employee of the Central Intelligence Agency...I and the CIA have dealt with the Gotti mob since 1968.

**Organized Crime Family Paying CIA $50 Million for Drugs**

“Did the Gotti organization, through Reale, pay money to the CIA for the drugs?”

Yes, they did, somewhere in the $50,000,000 bracket.

“How do you know how much money?”

Because I banked that money for them in Panama City, and ultimately transferred it to other locations in Europe.

“What would be the procedure for you to receive the payment from the Gotti organization for the drugs?”

Generally the money was given to us in cash.

“Yes, you mean the CIA?”

Us, meaning the people I worked with, who were also associated with the Central Intelligence Agency. We would transfer the money to banks in Central and South America. And from there transfer it via accounts that I had established back in 1970.

**Describing In Detail CIA-Organized Crime Drug Money Laundering**

Brenneke was asked: “Let’s take a payment from Mr. Reale in cash, and follow the procedure step-by-step as you know it for the transmittal of that money from the Gotti organization to the Central Intelligence Agency.”

Okay. That money was delivered to us in cash. There were occasions where there were wire transfers, but the generally followed method was cash. That would be stored in the aircraft on its return trip to Panama. Once it reached Panama, we would put it into a bank account, which at that time was in the Banguo de Panama. And the account name was the initials, IFMA, which was a company that I set up in Panama City in 1970. The money would be subsequently and almost immediately transferred to Spain or Liechtenstein. From there it went to Monte Carlo, and the ultimate destination was Zurich or Geneva. But in any case, Switzerland.

“The money was given to you by the agent for the Gotti Organization?”

Yes sir. And there were other people besides the man that I’ve named.

**Providing Detailed Records**

Brenneke supplied the investigators with telephone records of that and other calls, providing further credibility to his statements. He identified the names of the CIA accounts that he had set up, offering the incorporation papers that were filed “in the late sixties and early seventies.” Brenneke testified that he personally transferred money out of one account and into others. He testified that he discussed the money transfers with CIA employees Robert Kerritt and Robert Ellis.

Returning to questions about how the drug money from the Gotti crime family went into the CIA accounts, Brenneke explained:
I set up, in 1969 or 1970, a number of corporations in Panama City. Those corporations in turn opened bank accounts. Those bank accounts were accounts that I would normally use in the course of my business with the CIA to transfer money into the accounts, and from there to transfer them into specific accounts in Spain or, as I say, in some cases other countries in Europe. The ultimate destination was Switzerland, where those funds were. I knew where they went, because I’m the person who went in and gave the order to the banker to move them.

**Secret CIA Bank Accounts Overseas**

“And you had an arrangement with the CIA to organize those banks for the CIA, to open the account?”

That was what I specialized in doing. I laundered money there. When I was first recruited by the CIA, which was in 1968, 1969, all we were doing was selling mutual fund stock offshore.

“Name the banks [in which accounts were] opened for the CIA.”

Panama City, Banquo DeMexico. At one point we were using a Citibank correspondent down there whose name escapes me. We had a man on-site who worked for us, as well as worked for Ron Martin, a man named Johnny Mollina. John would spend a lot of his time in Panama City and worked in one of the banks that we used. I set up more than one account in Madrid that was used. I set up an account in Brussels at Bank Lambert that was regularly used. I set up accounts at Credit Suisse, a Swiss bank. And Bank of Credit & Commerce, commonly referred to as BCCI. Also, a bank that no longer exists called Bank Hoffman. I set up a bank in Panama City on behalf of the mutual fund company I worked for so that I could ultimately control how the transfers were handled.

“And you organized a bank in Panama for the CIA?”

I organized it for the company I worked for. It was subsequently used by the CIA, and it was used by members of the organized crime families. The bank was called U.S. Investment Bank. It really existed in Panama City. You could actually go in and open a check account there.

**Crime Family Money Laundered by CIA Operative**

“And the money that you got from the Gotti organization that you put on the airplane [in Arkansas] and returned to Panama on the next trip, you personally took to a bank in Panama City?”

Yes, I did. Let’s take Banquo DePanama, the Panamanian National Bank down there, as an example. I would go in and meet with, for instance, Johnny Mollina. John worked for one of the banks down there. I think it was Citibank that he worked for at one time. In any case, I would go in. I knew the bank officers by name. And I would provide them with directions as to how the money was to be transferred and where to transfer. That is, it was to be transferred by cashier’s check and courier to Madrid in a specific account there, or it was just wire transferred to Madrid as a transfer of funds from IFMA, a Panamanian corporation, to IFMA’s affiliates in Madrid or Brussels at Bank Lambert. They needed to know that. And then I would have to tell them at the other bank that money was coming into that account.
“So you would notify the CIA bank, or the bank having the CIA account in Spain or in Switzerland?”

Yes, that the deposit had been made in Panama.

“How would you notify them?”

Generally by telephone. And they would be told that...there were a variety of codes that were used, but the message was very simple. You’re going to receive money in this account. The money will probably stay in the account anywhere from 24 to 72 hours, at which time it will be transferred out of that account.

**Bearer Bonds to Launder Drug Money**

“Did you ever utilize bearer bonds for the purpose of laundering money?”

Sure. It was handled in two ways. When U.S. Investment Bank was active in Panama it would issue bonds, no names on them, which was common. It’s common in Europe. It’s common in Central and South America. And those bonds actually belong to the individual that is carrying them, as, for instance, the stock in IFMA belongs only to the person who happens to have it in his hand at that moment. You lose it, you lose your money.

“And what would you do with the bearer bonds?”

The bearer bonds would be taken generally by courier; in some cases to Banquo DeMexico in Mexico City and transferred from there or sent from there by their couriers. By 1986, it was getting uncomfortable in Panama, and so some of the Venezuelan banks in Caracas were used. The same procedure was followed, though. The money would be deposited into an account; you would walk into the bank, for example, and sit down with the Vice President or Managing Director of the bank. You were clearly a large depositor and a large customer of that bank. And you just simply explained that you wanted to deposit the money in this bag, and he would just kindly go ahead and do so for you.

**Drug Trafficking Controlled from Washington**

“Mr. Brenneke, under whose direction were you working in order to carry out the function of depositing the money from the sale of the drugs to the New York crime family?”

“Bob Kerritt, an officer of the Central Intelligence Agency in Washington, D.C.”

**Protesting the CIA Drug Involvement**

Brenneke described his adverse reaction to discovering the CIA involvement in drug smuggling into the United States and the CIA’s involvement with drug money laundering. In answer to a question, Brenneke testified:

When I found that we were bringing drugs into the United States, and that we were receiving money which was being put into accounts which I knew to belong to the United States government, as I’d set them up specifically for that purpose, I called Mr. Don Gregg, who was a CIA officer with whom I was acquainted, and complained about the nature of what we were doing.

**Office of Vice President and President, and CIA, In Drug Trafficking and Drug-Money Laundering**

Donald Gregg worked closely with George Bush when Bush was director
of the CIA, and became his national security advisor when Bush was vice president of the United States. Bush later nominated Gregg to be Ambassador to South Korea. When asked about Gregg’s response to Brenneke’s concern about the drug trafficking, Brenneke testified:

I was told that it was not my business what I was flying in and out of the country. That I was hired to do specific things, and if I would do those things and not pay any attention to anything else, we would all be very, very happy. I didn’t like that. He said shut up and do your job. I subsequently talked to Mr. Gregg on a number of occasions as well as to other people in the vice-president’s office to voice my concern over the use of drugs, importing drugs into the United States.

CIA Role in Looting Banks

Brenneke testified about the criminal charges made against Heinrich Rupp concerning looting the Aurora Bank in the Denver area, saying “that was common in our line of work with the CIA.”

When asked if Brenneke ever complained to CIA director William Casey about these activities, Brenneke replied:
Yes, I did on a number of occasions. And Mr. Casey’s telephone logs would reflect phone calls to me, made to me in Lake Oswego, which was at that time the location of my office.

Testifying About Israel’s Role in Drugging America

Brenneke testified about Israel’s involvement in the drug smuggling operations, and that he had gone to Israel “because I tried everybody in the U.S. Government first, and they sure as hell weren’t going to help” shut down the operations.

“Do you have any knowledge of the money coming from the Gotti organization being used for any other purposes, other than depositing in the bank accounts for the CIA?”

Sure. We had to run the operations at Nella, for instance. The training facilities at Nella had to be paid for. Nella was a training base for military and paramilitary folks from south of the border; Mexico, Panama. The base was operated by the Central Intelligence Agency.

Brenneke identified CIA agent Terry Reed as one of the flight instructors at Nella. Reed co-authored the book Compromised with John Cummings, describing the drug trafficking and money laundering in Arkansas and Mexico, and involving Arkansas personnel, including Governor Bill Clinton and some of his staff.

Moving CIA and Organized Crime Drug Money Back into the United States

“Did you establish an account in the United States to get that money back into this country?”

Yes, I did. I established an account at Brown Brothers Harriman in New York City around 1980. That’s a bank in New York City.

“How do you know that the money you picked up and that you received in

25 Nella consisted of a small airstrip north of Mena that was used by the CIA for paramilitary and military training of personnel from Mexico and Central America, and used for training Contra pilots.
Mena from the Gotti organization, and took to Panama, wired to bank accounts in Europe, came back to the United States?"

I ordered the transfer of funds.

"And to whom did you report these actions?"

I reported them to Don Gregg, Bob Kerritt, Bob Ellis and from time-to-time other people. I not only have notes, I have letters that I wrote to some of these people. Copies of these letters were submitted to congressional investigators.

Arkansas Attorney General’s Attempt to Discredit Evidence

Chad Farris, Chief Deputy attorney General for the State of Arkansas, tried to discredit Brenneke:

Why would you care about the use of drugs as part of this CIA plan? If you were so concerned about the use of drugs in the operation because of the reasons you’ve described, why did you continue to take part in the operation; what do you hope to achieve by testifying here today; what’s the purpose of your testimony, to you personally?

These were rather stupid questions. Brenneke had repeatedly objected to the CIA drug trafficking and working with organized crime. Quitting an uncover operation of this nature gets people killed! Brenneke was testifying because he was asked to testify, something that other members of Congress had avoided doing earlier.

Bank Records and Documentation Corroborating His Testimony

Brenneke clearly testified, without hesitation, times, dates, places, and either telephone logs or notes that he made of conversations with his CIA handlers in Washington. Brenneke testified to, and provided the Congressional investigators with writings that he sent to his CIA bosses in Washington complaining about the CIA role in drug trafficking and drug-money laundering and its operation with major crime families in the United States. He provided the investigators with copies of bank records, corporation papers, and detailed testimony, wherein there could be little doubt that his testimony was true.

No Perjury Charges Filed Against Brenneke by DOJ

No perjury charges were ever filed against Brenneke for this testimony about the CIA drug crimes. If his testimony was perjured, Justice Department prosecutors would have immediately filed criminal perjury charges against him, as they did once before when DOJ employees tried to cover up for George Bush’s involvement in the scheme known as October Surprise. It would have also been a responsibility for congressional questioners to charge him with perjury if they felt his testimony was not true.

DOJ’s Prior Sham Perjury Charges to Discredit October Surprise

Brenneke testified about the Justice Department’s sham perjury charges against him for testifying in a 1988 federal court trial in Denver concerning CIA operative Heinrich Rupp. Brenneke testified that he saw George Bush and Donald Gregg in Paris during the period of October 18, 19, and 20, 1980, which was a key point in the “October Surprise” operation (which is detailed in Defrauding America).

Brenneke stated that in the Denver proceedings Justice Department attorneys offered him a plea agreement; plead guilty to perjury charges concerning
his testimony about seeing Bush and Gregg in Paris and he would not receive any prison time or fine. Brenneke refused to commit perjury for DOJ personnel and refused to cover up for Bush’s role in October Surprise. Brenneke went to trial and fortunately for him, the jury was smart enough to recognize the sham charges by the DOJ prosecutor. The jury found Brenneke not guilty.

Brenneke was involved in many other CIA activities. Tape recordings made of telephone conversations between Brenneke and Russbacher, in my possession, described their role in other CIA operations, including Operation Gladio, which sought to destabilize the Italian government in the 1950s.

Brenneke had given a speech at the University of Arkansas in 1991, which was videotaped, further describing the involvement of government personnel in drug smuggling into the United States.

**Testimony by IRS Investigator Bill Duncan**

William Duncan was an investigator for the Internal Revenue Service and spent several years investigating drug-related activities in Arkansas and the role played in these activities by Governor Bill Clinton, the Arkansas Development Finance Authority, Dan Lasater’s brokerage business, and the Stephens’ financial powerhouse. Duncan had functioned in the capacity of congressional investigator for the Subcommittee on Crime, and discovered the involvement of Arkansas officials and the CIA in drug trafficking and drug-money laundering. Duncan was a criminal investigator for the U.S. Treasury Department from 1973 through 1989.

In addition to what Duncan stated to me, I received a transcript of his congressional testimony, marked Confidential, given to a Joint Investigation by the United States Congress and the Arkansas State Attorney General’s Office in June 1991. Duncan testified that one of his assignments was to “investigate allegations of money laundering in connection with the Barry Seal organization, which was based at the Mena, Arkansas airport.” Duncan testified in detail about the drug-money laundering he uncovered, involving the CIA, and how attorneys with the Department of Justice repeatedly blocked investigations and prosecutions.

**Pattern of Justice Department Obstruction of Justice**

Duncan found, as I had in the past, that Justice Department attorneys routinely covered up for major corruption involving high-level government personnel. Duncan testified about the tactics used by Justice Department employees to protect the CIA and the people working with the CIA in drug trafficking and drug-money laundering.

**DOJ Blocking Testimony About CIA Drug Smuggling in Arkansas**

Duncan testified that important witnesses were not called by the U.S. Attorney to testify before the Grand Jury; that important witnesses with valuable information were not allowed to present it, being limited literally to giving their name, address, phone number, and type of employment. Duncan testified that the vice-president of Union Bank in Mena, Gary Gardner, wanted to testify about the CIA money laundering and how Justice Department prosecutors blocked his testimony.

Duncan testified that he gave U.S. Attorney Asa Hutchinson in Fort Smith, Arkansas, the names of 20 witnesses for the grand jury investigation, all of
whom had direct knowledge and evidence of drug-money laundering. Of the three witnesses called by the U.S. Attorney, Duncan testified that two of them were angry because the U.S. Attorney refused to allow them to give meaningful evidence to the grand jury.

**Circumventing the DOJ Block by Going Direct to Grand Jury**

I encountered DOJ cover-ups while I was a federal investigator for the Federal Aviation Administration and sought to report a pattern of criminal activities that I and other federal inspectors discovered as part of our official duties that were directly involved in a series of fatal airline crashes. I circumvented the DOJ blocking actions by sending a letter directly to a federal grand jury at Denver. As an FAA inspector-investigator, I appeared before a grand jury in the mid-1960s to give testimony as a federal investigator about the corruption at United Airlines and within the Federal Aviation Administration relating to a series of air disasters.

Back to Mena; one of the witnesses not allowed to present any of her meaningful testimony was Kathy Corrigan Gann. Duncan testified:

*She was the secretary for Rich Mountain Aviation, who participated in the money laundering operation upon the instructions of Hampton and Evans. She basically said that she was allowed to give her name, address, position, and not much else. I talked to another witness. His name was Jim Nugent, a vice-president at Union Bank of Mena, who had conducted a search of their records and provided a significant amount of evidence relating to the money laundering transaction. He was also furious that he was not allowed to provide the evidence that he wanted to provide to the grand jury.*

Duncan continued:

*At a later date, I came in contact with the deputy foreman of the grand jury, who had previously given testimony to an investigator for the House Judiciary Subcommittee on Crime, concerning her frustrations as the deputy foreman of the grand jury. Her name was P.J. Pitts. She was perpetually involved in the grand jury as it heard evidence concerning the Barry Seal matter, and she related to me the frustrations of herself and the entire grand jury because they were not allowed to hear of money laundering. [The primary purpose of the grand jury was to obtain evidence about money laundering.]

*She stated to me that they specifically asked to hear the money laundering evidence, specifically asked that I be subpoenaed, and they were not allowed to have me subpoenaed. She said the whole grand jury was frustrated. She indicated that Mr. Fitzhugh, who at that time was the U.S. Attorney, explained to them that I was in Washington at the time and unavailable as a witness, which was not the truth.*

When asked how Duncan’s superiors responded to the cover-up, Duncan testified that he complained to his superior, Paul Whitmore, Chief of Criminal Investigation, and to the group managers, Tim Lee, Charles Huckaby and Max Gray:

*They were very frustrated. Mr. Whitmore made several trips to Fort Smith, Arkansas to complain to the U.S. Attorney’s office. He related to me on several occasions that the U.S. Attorney wrote him a letter telling him not*
to come to his office anymore complaining, that was unprofessional behavior. Mr. Whitmore felt there was a cover-up.

“Do you agree with Mr. Whitmore’s conclusion?”

Absolutely. We experienced a variety of frustrations from 1985 on, not being able to obtain subpoenas for witnesses we felt were necessary. I had some direct interference by Mr. Fitzhugh in the investigative process. Specifically he would call me and interrupt interviews, tell me not to interview people that he had previously told me were necessary to be interviewed.

IRS Covering Up for CIA Drug Trafficking

“Did you have any interference or interruptions from anyone within the U.S. Treasury Department?” Duncan was asked.

They interfered with my testimony before the House Judiciary Subcommittee on Crime. The Internal Revenue Service assigned to me disclosure litigation attorneys who gave me instructions, which would have caused me to withhold information from Congress during my testimony, and to also perjure myself.

Drug-Money Bribe to U.S. Attorney General Ed Meese

“How did you respond to the Treasury Department?”

I told them that I was going to tell the truth in my testimony. And the perjury, subornation of perjury resulted because of an allegation that I had received, that Attorney General Edwin Meese received a several hundred thousand dollar bribe from Barry Seal directly. I received that information from Russell Welch, the [Arkansas] State Police investigator. And they told me to tell the Subcommittee on Crime that I had no information about that. Duncan testified about other aspects of upper management acting to prevent exposure of the drug trafficking and drug-money laundering:

I received a subpoena from Deputy Prosecutor Chuck Black from Mt. Ida, to present evidence to the grand jury for the purposes of seeking indictments against the individuals at Mena. The Internal Revenue Service told me I would have to go back and deal with the same disclosure litigation attorneys who attempted to get me to withhold information from Congress and perjure myself, and I refused to do that. They withdrew support for the operations and basically kept me in the regional office in Atlanta and did not allow me to fulfill my responsibilities. This ultimately resulted in my resignation in June of 1989.

DOJ Prosecutor Covering Up for CIA Drug Trafficking

Addressing questions concerning the obstruction of justice, Duncan testified:

My superiors and I had continuing discussions because none of us, my managers nor myself, had ever experienced anything remotely akin to this type of interference. We couldn’t understand why there was this different attitude. I had found Asa Hutchinson to be a very aggressive U.S. Attorney in connection with my cases. Then all of a sudden, with respect to Mena, it was just like the information was going in but nothing was happening over a long period of time. As soon as Mr. Fitzhugh got involved, he was more aggressive in not allowing the subpoenas and in interfering in the investigative process. He was reluctant to have the State Police around, even
though they were an integral part of the investigation.

For instance, when the money-laundering specialist was up from Miami, Mr. Fitzhugh left Mr. Welch in the hall all day until late in the afternoon and refused to allow him to come in. We were astonished that we couldn’t get subpoenas. We were astonished that Barry Seal was never brought to the grand jury because he was on the subpoena list for a long time. And there were a lot of investigative developments that made no sense to us.

**More IRS Requests for Perjured Testimony**

Duncan testified that the IRS briefing attorney from Washington wanted him to cover up during the grand jury testimony (i.e., commit perjury). “Did you get the impression that she was ordering you to cover up the investigation?”

Absolutely. I would have thought a complete disclosure to Congress about the problems that we encountered was in order, but quite the opposite was true. They obviously did not want any negative testimony coming from me concerning the U.S. Attorney’s office.

Attorney Bryan Sloan, a personal assistant to the Commissioner of Internal Revenue, Larry Gibbs, said, “Bill [Duncan] is just going to have to get the big picture.”

**Conspicuously Absent from Drug Investigations: DEA, FBI, Customs**

Duncan testified that even though “allegations of narcotics smuggling, massive amounts of drug-money laundering” were involved, “conspicuously absent during most of that time were the DEA, FBI, and Customs.” Among the state agencies not appearing, who had hard evidence of the CIA drug trafficking, were the Arkansas State Police, Polk County Sheriff’s office, and the Louisiana State Police. Duncan testified that none of the law-enforcement personnel, who had knowledge and evidence of the drug trafficking and drug-money laundering, were called by the Justice Department to present their overwhelming evidence to the grand jury.

**Miami U.S. Attorney Ordered Shutdown of All Mena Investigations**

Duncan testified that the U.S. Attorney’s Office at Fort Smith received instructions from the Miami U.S. Attorney’s Office to “shut down the Mena Investigations at a point in time when they were ready to indict and present information to a grand jury.” During another congressional deposition on July 24, 1994, Duncan testified:

*By the end of 1987...thousands of law enforcement man-hours and an enormous amount of evidence of drug smuggling, aiding and abetting drug smugglers, conspiracy, perjury, money laundering...had gone to waste. Not only were no indictments ever returned on any of the individuals under investigation for their role in the Mena Operation, there was a complete breakdown in the judicial system. The United States Attorney, Western Judicial District of Arkansas... refused to issue subpoenas for critical witnesses, interfered in the investigations, misled grand juries about evidence and availability of witnesses, refused to allow investigators to present evidence to the grand jury, and in general made a mockery of the entire investigative and judicial process.*
Actions of IRS officials were purely and simply designed to impede the Congress of the United States in their investigation of issues which impact on the very heart of our judicial system, and ultimately the security of this country. Evidence...indicates that...the Mena, Arkansas Airport was an important hub-waypoint for transshipment of drugs, weapons. The evidence details a bizarre mixture of drug smuggling, gun running, money laundering and covert operations by Barry Seal, his associates, and both employees and contract operatives of the United States Intelligence Services. The testimony reveals a scheme whereby massive amounts of cocaine were smuggled into the State of Arkansas. Two witnesses testified that one of the Western District of Arkansas Assistant U.S. Attorneys told them that the U.S. Attorney’s Office received a call to shut down the investigations involving the drug operation.

**Similar Testimony by Arkansas State Investigator Welch**

Another transcript sent to me, marked Confidential, was the testimony given by Russell Welch to the congressional committee in June 1991. Welch was an investigator for the Arkansas State Police for sixteen years. His testimony corroborated that of IRS investigator William Duncan. Welch added that U.S. Attorney Michael Fitzhugh of Miami blocked an investigation into the CIA drug trafficking and money laundering as Asa Hutchinson had done. Welch testified to the refusal by the Justice Department to issue subpoenas for those who had knowledge of the drug-related crimes. Welch testified that despite the fact that he had considerable evidence of the drug crimes, Justice Department personnel blocked his appearance before the grand jury.

Welch testified that one of the lady members of the grand jury had seen him in the hall outside the jury room and demanded of Fitzhugh to have Welch testify. Angrily, Fitzhugh told Welch the grand jury wanted to hear from him, but Fitzhugh refused to allow this.

**Cover-Up by DEA**

Asked how other federal agencies blocked investigation and prosecution of the drug trafficking and drug-money laundering, Welch testified that the cooperation from “the Drug Enforcement Administration in Florida was absolutely zero. Also, we didn’t get any support from the Arkansas Drug Enforcement Administration.”

**Famous Drug Trafficker Working for CIA**

Referring to drug trafficker Barry Seal, Welch testified, “There was obvious government involvement [protection] with him.” Seal was heavily involved in drug trafficking and drug-money laundering with the CIA and also with Arkansas officials and power brokers, including members of Governor Bill Clinton’s administration.

Welch described, as did others, the practice of aircraft flying into Arkansas from Central America and airdropping drugs at selected sites in Western Arkansas, which was often followed by helicopters picking up the drugs. He described Barry Seal smuggling “billions of dollars of cocaine and drugs into Arkansas over an eight to ten year period of time.” Welch testified about the feelings of the grand jury and particularly the deputy foreman, Patty Pitts:

*She expressed concern that they weren’t being allowed to investigate the*
Mena Airport; that Mike Fitzhugh wasn’t giving them the evidence that they needed to have; and wasn’t giving them the witnesses they needed to have. She felt like they were being hindered.

**Judicial Assistance in Obstructing Justice**

Referring to the practice of certain federal judges aiding DOJ cover-up of government-related drug offenses, he said U.S. Attorney Fitzhugh told him that “A federal judge would never let it get to court, and we would be wasting our time.”

**Attempt to Physically Disable Welch—Or Kill Him**

Welch told me that while he was presenting evidence of the drug trafficking to Arkansas officials in Little Rock, he suddenly became deathly sick and was rushed to the hospital. Fortunately for him, the doctors discovered the problem. They told Welch that he had been sprayed with military-grade Anthrax (similar to what Saddam Hussein had threatened to use in the Persian Gulf War).

**Obstruction of Justice by National Security Council**

The General Accounting Office started a probe of the Arkansas drug operation in 1988, but was shut down within four months by the National Security Council. Several Congressional committees started similar investigations and then shut down. Pressure and cover-up tactics came from President George Bush’s administration at the federal level and from Governor Bill Clinton’s administration at the state level.

**DOJ Obstruction of Justice Relating to Major Drug Crimes**

In a prepared statement to a *Mena Star* reporter in 1988, Polk County Prosecutor Joe Hardegree said that the prosecution of drug-related crimes had come to a grinding halt because of links between drug traffickers and the White House. Hardegree added, “I have good reason to believe that all federal law enforcement agencies from the Justice Department down through the FBI to the Drug Enforcement Administration received encouragement to downplay and de-emphasize any investigation or prosecution that might expose Seal’s activities and the National Security Council’s involvement in them.”

**Volumes of Evidence, Followed by Cover-Up**

By 1983, the Arkansas State Police had almost three dozen volumes, including several thousand pages of reports that provided overwhelming evidence of CIA drug smuggling activities and massive cover-ups by state and federal personnel and agencies. Since 1983, the drug trafficking and money laundering in Arkansas were investigated by and known to exist by virtually every federal and Arkansas agency responsible for bringing these crimes to justice.

Despite massive evidence of the criminal activities, officials in the U.S. Department of Justice and Arkansas police blocked prosecutions. Every attempt by individual investigators to appear before a grand jury to present evidence was blocked by Arkansas and federal officials.

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DOJ Prosecuting Americans for Peanut-Quantities of Drugs While Protecting Tons of CIA Drug Loads

While DOJ and other government agents were using government agencies to obstruct justice relating to CIA drug trafficking, they were relentlessly prosecuting Americans with peanut-size quantities of drugs in their possession and prosecuting Americans for being present while someone was talking about drugs. Thousands of men and women are spending decades in prison because of “no-dope” conspiracy convictions, which are convictions where no drugs were ever involved; just talk about drugs.

The May and June 1989 edition of Freedom magazine said, “Two congressional subcommittees and the U.S. Customs Service are investigating secret activities around the quiet mountain town of Mena, Arkansas, including alleged drug running and arms smuggling.” But these were only two out of many “investigations” by members of Congress into CIA drug smuggling, many of which received testimony from CIA insiders. Each of these investigations was followed by a cover-up.

Mainstream Media Cover-Ups of Major CIA Drug Crimes

The February-March 1992 issue of Unclassified described the large amount of evidence proving the existence of drug trafficking and drug-money laundering at Mena Airport, and the cover-up by the media. It stated in part: “UNCLASSIFIED is genuinely puzzled about the absence of major media attention to Mena, especially given Clinton’s prominence in the presidential race.”

Arkansas Citizens Committee

A group of concerned citizens, known as the Arkansas Committee, had accumulated large quantities of evidence showing the CIA drug trafficking at Mena. Key people in this group were Charles Reed, Mark Swaney, and Tom Brown of Springdale, Arkansas. In 1989, the group sent a petition to Governor Bill Clinton asking that the state exercise its responsibilities to convene a grand jury to receive their evidence relating to the CIA drug trafficking. Clinton side-stepped that request, stating it was a federal matter. (Before the head of that committee died of cancer, he turned over the group’s records to me.)

Get-Out-Of-Jail Passes for CIA Drug Traffickers

The group discovered the drug trafficking activities involving the CIA, DEA, and Barry Seal. Seal was considered to be the biggest known drug trafficker at that time, working closely with the CIA and DEA. Every time Seal was accidentally arrested by law enforcement officers, he was subsequently released after intervention by CIA or Justice Department people. This get-out-of-jail pass was typical for many deep-cover operatives. In 1972, for instance, Seal was arrested in New Orleans with 14,000 pounds of explosives intended for Cubans working with the CIA, and promptly released.

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28 Charles Reed furnished me with considerable data concerning the drug activities going on in Arkansas, expecting me to use it to help awaken the American public. He was a crusader seeking to make the public aware of the government corruption. He died on November 15, 1995, in his hometown of Salem, Massachusetts, shortly after sending me his total accumulation of data on government-associated drug trafficking in Arkansas.
Governor Bill Clinton Cover-up of Major Drug Trafficking

Governor Bill Clinton was advised of the drug activities and it was requested that he order state law enforcement personnel to investigate. (As governor of Arkansas, he had a duty to investigate without being prodded by a citizen group.) Despite the gravity of the reported drug activities, Clinton and the U.S. Attorney29 refused to conduct an investigation. At best, this was dereliction of duty; and more to the point, criminal obstruction of justice.

Separate Drug Laws for the Public and Government Personnel

Tom Brown, the pastor of a small church in Arkansas, helped expose the CIA and DEA arms and drug trafficking in Arkansas. To silence and discredit him, the same Justice Department personnel retaliated against Brown by filing drug charges against him. The church grew and used peyote and pot in their services as part of their religious beliefs. No payment was received with this practice. Justice Department prosecutors charged Brown with a criminal offense and U.S. District Judge H. Franklin Waters of Fayetteville, Arkansas, sentenced him to ten years in prison. One less troublemaker for the CIA and Justice Department!

Drug Trafficking and DOJ Cover-Up at Angel Fire Resort

Several of my CIA sources described the CIA-related drug trafficking and drug-money laundering at Angel Fire, New Mexico, including that occurring at Angel Fire Ski Resort which was owned and operated by Bill Clinton’s friend, Dan Lasater. An investigation into Angel Fire Resort was triggered in 1985 when former Angel Fire employees reported drug trafficking and drug-money laundering. This resulted in investigations by local and federal law enforcement officials.30 Lasater owned Angle Fire Resort from 1984 to 1987, and sold it after he was sentenced in 1986 to two and a half years in prison for distributing drugs in Arkansas. (Governor Clinton pardoned him within six months.)

Cover-Up by DEA of Angel Fire

Drug Trafficking and Ties to Key People in Arkansas

A sequestered U.S. Customs report included a January 1991 memo written by Customs Air Interdiction Officer Lawrence E. Frost, which referred to the drug trafficking at Angel Fire and said in part:

During 1988, significant information was developed by Special Agent Norm Scott of the FBI and I regarding a large controlled substance smuggling operation, as well as a large-scale money laundering activity being carried out in the Angel Fire, New Mexico area.

The memo described how Frost and Scott requested information about Lasater from the Drug Enforcement Administration, which was in the DEA’s possession because of charges against Lasater in Arkansas:

At no time did I ever receive any information from...DEA regarding any of the alleged conspirators in this case, although I knew that DEA had previously arrested and convicted the primary target of the investigation, Dan Lasater.

If the DEA had cooperated and furnished information, it is possible that Frost

29 Asa Hutchinson and later Michael Fitzhugh.
CIA’s Arkansas Drug Activities

and Scott would have discovered Lasater’s links to Governor Bill Clinton, the CIA’s drug trafficking and money laundering.

**CIA Asset Terry Reed Blows the Whistle on CIA Drug Trafficking**

Terry Reed, a former CIA asset, and co-author John Cummings, authored a 1994 book describing what Reed discovered as a CIA asset in Arkansas: *Compromised: Clinton, Bush and the CIA.* Reed, a former U.S. Air Force intelligence officer, was recruited by the CIA to train Contra pilots in Arkansas and later to start up a CIA proprietary in Guadalajara, Mexico. Reed’s activities in the Mena, Arkansas area brought him into contact with the CIA and National Security Council’s arms and drug trafficking, and the cover-up by Governor Bill Clinton and members of his staff.

Reed’s first employment with the CIA was as a flight instructor for Contra pilots at Arkansas’ Mena and Nella airports. He worked with Barry Seal who told Reed about the involvement of Arkansas government officials in CIA drug trafficking and drug-money laundering. Reed was in frequent contact with people who later became front-page news.

Seal told Reed that millions of dollars of drug money was being laundered through the Arkansas Development Finance Authority and through Dan Lasater’s brokerage company, and involved people close to Governor Bill Clinton. Seal told Reed that bags containing large amounts of drug-money were dropped into remote locations near Nella, and then picked up by helicopters or surface vehicles.

Reed wrote that the Federal Reserve reported that cash deposits in Arkansas banks tripled while Clinton was governor, suggesting huge amounts of drug money being moved.

After Seal was killed, Lasater’s bond business suddenly dropped, suggesting that Seal was indeed laundering money through Lasater’s business.

**Air Dropping Drugs Onto Arkansas Clearings**

Seal told Reed about dropping bags of money from aircraft into isolated clearings in Arkansas, including on property owned by Little Rock industrialist Seth Ward, upon which resided Ward’s son-in-law, Fins Shellnut. Shellnut worked for bond broker Dan Lasater. Reed described how the bags of money, sometimes millions of dollars at a time, were dropped onto Ward’s property, picked up by Shellnut, and then laundered through Lasater’s bond brokerage business.

Lasater’s bond brokerage business reportedly handled much of the drug money laundering in Arkansas until Dan Lasater was convicted of drug trafficking and sent to prison. Testifying against Lasater was Bill Clinton’s brother, Roger, who was also charged with drug trafficking but given a reduced sentence in exchange for his testimony.

**Secret Drug Meeting with Key People from Both Political Parties**

Reed described a late-night meeting that he attended in a World War II ammunition bunker outside of Little Rock, Arkansas, during which the siphoning of drug money was brought up. Reed stated that the people at the meeting included Governor Bill Clinton; Clinton’s Chief of Security, Arkansas State Po-

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31 Authored by Terry Reed and John Cummings.
lice Lieutenant Raymond Young; Clinton’s aide in charge of the Arkansas Development Finance Authority (ADFA), Bob Nash; Attorney Robert Johnson of the CIA proprietary, Southern Air Transport; Reed’s handler, John Cathey, and Max Gomez (alias for Felix Rodriguez, with close working relationship to Vice-President and then President George Bush).

Clinton’s chief of security, Lieutenant Raymond Young, waited outside the bunker while the meeting was in progress. (Young was the same Arkansas State Police officer who filed and carried out fraudulent criminal charges against Reed at a later date.)

**Attorney for Covert CIA Airline and Later, U.S. Attorney General**

Reed had been in frequent telephone contact with the man he knew as Robert Johnson. Johnson directed the drug trafficking and drug-money laundering, the training in Arkansas of Contra pilots and fighters, and authorized Reed to set up the CIA proprietary in Mexico. At a later date, Reed learned that Robert Johnson was really William Barr, appointed by President George Bush to be Attorney General of the United States, the nation’s top law-enforcement position.

**Damage Control**

Reed’s CIA contact, William Barr, known at that time by his alias Robert Johnson, told Reed that Attorney General Edwin Meese had appointed Michael Fitzhugh to be U.S. Attorney in Western Arkansas, and that he would stonewall any investigation into the Mena, Arkansas drug-related activities. This obstruction of justice by Justice Department officials did occur.

**Federal Officials Protesting Siphoning Off of Drug Money By Clinton’s Group**

The purpose of this meeting was to protest Arkansas officials taking too great a percentage of the drug money laundered by Missouri officials, and the attention caused by the drug conviction of Bill Clinton’s brother, Roger Clinton.

**NSC Oliver North and Future Attorney General into Drugs**

Reed described how Oliver North and William Barr authorized him to start a CIA proprietary in Mexico posing as a high technology trading and consulting firm. Reed moved his family to Mexico, thinking the operation was legitimate and of long duration. Reed worked closely with Oliver North, Felix Rodriguez, and Barry Seal. Before long, Reed discovered that the CIA front company he operated was being used by the CIA for gun-running and drug smuggling and this was confirmed in July 1987. He advised his CIA handler that he wanted out of the operation, and under cover of darkness, Reed moved his family back to Arkansas where he went into hiding. He then became targeted for retaliation by one of Arkansas’s state police officers who was on Governor Bill Clinton’s staff.

**Attacking a Potential Whistleblower**

With the knowledge that Reed acquired during his CIA connections in Arkansas, he posed a threat to the drug operations implicating CIA, DOJ, and Arkansas personnel—including Governor Bill Clinton. This danger was addressed by Arkansas State Police fraudulently charging Reed and his wife with fraud, conspiracy, and mail fraud relating to the theft several years earlier of Reed’s
aircraft, and allegedly making a false claim to the insurance company.

For three years the Reeds had to fight Arkansas State Police agencies, which included Governor Bill Clinton’s chief of security, Raymond Young. Reed reported that Young forged documents, used perjured testimony, and falsified evidence, seeking to put Reed and his wife in prison.

Reed describes how U.S. District Judge Frank Theis blocked their defenses, and dismissed evidence showing the sham nature of the charges, claiming the evidence was irrelevant.

**Time Magazine Cover-Up of CIA and High-Level Corruption**

During their attempts to defend themselves against the false charges *Time* magazine sought to discredit the Reeds and what they were exposing. A *Time* article (April 20, 1992) was entitled, “Anatomy of a Smear” with a subtitle, “Terry Reed loves to tell reporters scandalous tales about Bill Clinton and the Contras. The trouble is the stories are false.”

*Time* falsely stated that Reed had no connections to the CIA or Barry Seal, despite considerable proof given to *Time* reporter Richard Behar. The article stated, “The only trouble with Reed’s sensational tale is that, not a word of it is true.”

*Time* had repeatedly, over the years, engaged in attacks on people exposing government corruption and CIA drug trafficking. Throughout this and my other books are examples of this cover-up, disinformation, and ridiculing of those who courageously expose the criminal and subversive acts of high government personnel. *Time* magazine was one of the publications that I repeatedly notified of the criminal activities, beginning while I was a federal investigator. Never once did the magazine report the evidence I offered.

**Freedom Magazine Confirming Reed’s CIA Connections**

In response to the *Time* cover-up and discrediting article, *Freedom* magazine, which had been exposing the CIA drug trafficking in Arkansas, published an article (May 1993) titled, *The Drugging of America*, expanding on the criminal activities by exposing the *Time* cover-up. *Freedom* magazine wrote: “According to knowledgeable sources interviewed by FREEDOM, Terry Reed was one of the players in CIA covert operations based at Mena.”

**Clinton’s CIA Drug Smuggling Cover-Up As Governor and President**

Governor Bill Clinton’s protection of CIA drug activities and DOJ cover-ups, while governor of Arkansas, could be expected to be followed with similar actions after he became president of the United States. The California legal newspaper, *Daily Journal*, wrote in its July 21, 1994 issue, “The Clinton administration has been undermining existing anti-drug efforts on all fronts.” The article charged President Clinton with dismantling almost the entire White House Office created to lead the fight:

- Surgeon General Joycelyn Elders repeated calls for drug legalization...government-led domestic marijuana eradication has been substantially curtailed...The president has ordered a massive reduction in Defense Department support for drug interdiction...proposed that Congress cut $100 million in drug-treatment funding and $130 million in drug-prevention education... For 1995, the president wants to cut 625 positions from federal drug enforcement agencies, the DEA, FBI, Border Patrol, U.S.
Customs Service and others, and reduce federal drug-prosecution personnel by more than 100 positions.

**CIA-Military Deep Cover Pilot Gene Tatum**

Another one of my many deep-cover sources that was ordered to fly drugs while he was a U.S. Army helicopter pilot was Gene “Chip” Tatum. He was ordered to fly drugs from Fort Campbell, Kentucky to the airport at Mena and Little Rock in Arkansas. Tatum started providing me with information and documentation that support his statements, including affidavits, letters, and copies of military flight plans showing the names of well-known individuals and records of drug shipments.

In 1998, after revealing many secrets relating to CIA and military drug trafficking, he was forced to go underground, reportedly under threats from the Department of Justice.

**Drugs, Vice President, Attorney General, Noriega, and Mossad**

Tatum joined the U.S. Army in 1971 and was initially assigned to Vietnam, after which he was trained as a helicopter pilot. He also became commander of a unit in the ultra-secret operation known as Pegasus. He was assigned to fly helicopter flights in Honduras and Nicaragua, working CIA missions, and working with the National Security Council’s Oliver North and CIA operations with Amiram Nir and Felix Rodriguez. In carrying out these missions, he associated with such key people in government as William Barr, George Bush, General Manuel Noriega, and Mossad agent Michael Harari. Tatum had frequent contact with Oliver North while North was assigned to the White House’s National Security Council, and William Barr who later became attorney general of the United States.

Tatum said his Pegasus missions were secretly embedded in an Army medical unit (3/498th Medical Company from Fort Riley, Kansas) and that CIA agent Henry Hyde was responsible for the finances of the unit, including arranging lines of credit. While under orders of the National Security Council (NSC) and the CIA, and working under cover as a U.S. Army helicopter pilot, Tatum was instructed to infiltrate the 3/498th Medical Company and pose as a Medevac pilot. In this capacity he flew wounded personnel to medical stations. But priority was given to CIA and NSC assignments over the carrying of wounded personnel.

**Operating Pegasus Missions**

In the 1980s he flew helicopters in Central and South America, flying “Medevac” helicopters taking Contras and civilians to emergency care centers. Tatum was command pilot of one of two helicopter flight crews from the 3/498th Medical Company based at Fort Stewart, Georgia that were sent in 1985 to Palmerola Air Base in Honduras. Each crew consisted of a pilot, copilot, medic, and the crew chief. Tatum was part of the Medevac mission for Joint Task Force Bravo.

On one flight out of Palmerola (MCHG), he carried the pilots of the C-123 that was later shot down in Nicaragua, Bill Cooper and Buzz Sawyer. This was the incident that forced media exposure of the CIA and White House’s role in Nicaragua. The plane had been hit by a surface to air missile. The only survivor of that flight, Eugene Hasenfus, was the person responsible for kicking military
cargo out of the back of the aircraft. He survived because he carried a parachute, and jumped out of the aircraft before it crashed. His subsequent capture and interrogation precipitated the exposure of the Iran-Contra affair.

**Transporting “Medical Supplies” from Remote Jungle Sites**

While at Palmerola Air Base in Honduras, Tatum flew helicopter flights to Illopango, El Salvador, where Corporate Air Service, a CIA-owned aviation company was based, and to various Contra camps in Honduras and Nicaragua. Although the reason for his assignment to the Medevac unit was to move wounded personnel to treatment centers, he discovered that he was frequently ordered to transport large white coolers marked “Medical Supplies” and fly them to landing strips for pickup by fixed-wing aircraft, usually C-123 and C-130s. These aircraft were flown either by military or private pilots, who took the “medical supplies” to Panama and then the United States.

**Using U.S. Military to Fly Drugs into the United States**

Once, during a hard landing resulting from an engine failure, one of the coolers broke open, and while taping the coolers shut he discovered that instead of the contents being medical supplies they were filled with bags containing cocaine. Tatum would discover many more flights carrying similar “medical supplies.”

**Describing One of His Flights**

On one of his flights to El Ocotal in Costa Rica, Tatum carried Felix Rodriguez (also known as Max Gomes), a close associate of Vice President George Bush, in the Contra operation; General Gustavo Alvarez of Honduras, and Joseph Fernandez, another CIA agent. Upon landing at Ojo de Agua-El Tamborcita, they were joined by Michael Harari, a Mossad agent and security advisor to General Manuel Noriega of Panama; by William Barr (attorney at the CIA’s Southern Air Transport located at Miami at that time and before he became attorney general of the United States), and Barry Seal. Seal had flown Noriega and Harari to the meeting in Seal’s Learjet aircraft (tail number N13SN).

In the past, Tatum reached Barr by phone at the CIA’s Southern Air Transport in Miami, and under the name, Robert Johnson.

**Purpose of Meeting: Discover where Drug-Money is Being Stolen**

The purpose of the meeting was to determine who was responsible for stealing over $100 million in drug money on the three routes from Panama to Colorado, Ohio, and Arkansas. This theft was financially draining the operation known as the “Enterprise.” By comparing computerized records, Tatum said that it was determined that the theft was occurring on the route from Panama to Arkansas.

**Seal, Clinton, or Noriega Stealing Drug Money**

**From White House Drug Operation**

Tatum said that at the end of the meeting he went with Fernandez to the helicopter where a portable secure phone was set up to communicate with Washington by satellite link. Fernandez made the first call to Oliver North, informing North that the theft was occurring on the Panama to Arkansas route, and “that means either Seal, Clinton or Noriega.”

**VP George Bush and William Barr Discussing Drug Money Theft**

Fifteen minutes later, the portable phone rang, and Vice President George
Bush was on the line, talking to William Barr. Barr said at one point, referring to the missing funds, “I would propose that no one source would be bold enough to siphon out that much money, but it is more plausible that each are siphoning a portion, causing a drastic loss.”

Barr told Bush that he and Fernandez were staying in Costa Rica until the following day after first visiting John Hull’s ranch. Barr then handed the phone to Tatum, who was instructed by Bush to be sure that Noriega and Harari boarded Seal’s plane and departed, and for Tatum to get the tail number of Seal’s plane.

Tatum said that Barr then dialed another number, immediately reaching then governor Bill Clinton. Barr explained the missing money problem to Clinton, explaining that over $100 million of the “Enterprise” monies had disappeared along the Panama to Arkansas connection. Barr suggested that Clinton investigate at the Arkansas end of the Panama to Arkansas route, and that he and Oliver North would continue investigating the Panama end of the connection, warning that the matter must be resolved or it could lead to “big problems.”

(This description of missing drug money provided further support to a subsequent meeting in Little Rock, described earlier by Terry Reed, during which William Barr accused Clinton of siphoning drug money.)

**Missing-Money Notation on Military Flight Plan**

The SATCOM phone equipment was then stowed on the helicopter, and Tatum waited for Noriega and Harari to leave in Seal’s Learjet. Tatum then flew his passengers to Tegucigalpa, and turned into military operations a copy of the flight plan (dated March 25, 1985). Tatum wrote on the back of the flight plan:

*Meeting with Gen Noriega/SATCOM with North and Gov of AK concerning missing monies. Dropped off Noriega at airport in S.D. Met Barry Seal in 13SN. Seal took Gen Noriega & Harari.*

Several days later, Tatum flew from Tela, Honduras to La Cieba, picking up Oliver North, Felix Rodriguez, General Alvarez of Honduras, and Amiram Nir. They then flew into several villages on the Nicaragua-Honduras border to determine their suitability for cargo drops by CH-47s the following month.

**“One More Year of This and We Can All Retire”**

Tatum then flew the group to Santa Anna, Honduras meeting with Enrique Bermudez and other Contra leaders, and visited a cocaine processing facility. Tatum described the strong smell of jet fuel and acetone, and the large fuel pods that had the tops stripped off of them and in which were fuel and leaves. Tatum repeated what North said: “One more year of this and we’ll all retire.” adding, “If we can keep those Arkansas hicks in line, that is,” referring to Barry Seal and Governor Clinton.

**Vice President George Bush Concerned About Drug Money Theft**

While General Alvaraz went with the Contra leader to discuss logistics, North, Rodriguez, and Nir continued through the wooden building inspecting the cocaine. Tatum repeated what North said: “Bush is very concerned about those missing monies. I think he’s going to have Jeb arrange something out of Colombia.” (Would “Jeb” be Jeb Bush?)
“No One Big Enough To Stop It”

As Tatum listened to these conversations, he remembered the army officers’ remarks in Ojo de Agua when Tatum complained about transporting drugs during military operations: “Tell no one. There’s no one big enough in your chain of command to stop it.” Having heard North discuss the involvement of Vice President Bush and Governor Clinton, Tatum understood that earlier statement.

Tatum then flew back to La Cieba and then to Tela, returning the following day to home base at Palmarola, where Tatum put a few notes on the back of the flight plan filed with base operations:

*ROM ACM/Rodriguez for night. USN to WASPAM/Santa Anna/LemezCNo problems recon successfulCRodriguez, North, Nir, Dr. Gus. Others (4).*

Recipient of Drugs: Mossad Operative “Dr. Harari”

During another trip, Tatum picked up at Dustoff Operations six coolers mislabeled “medical supplies,” and flew them to an airstrip at Trijillo, where they were given to a C-130 crew bound for Panama. Tatum asked the pilot, “Who gets these?” The pilot looked at the manifest and said that a Dr. Harari would be called on arrival. The alleged doctor was none other than Mossad operator Michael Harari, and the phony Doctor title went along with the phony medical supply labels on the coolers.

Another military flight plan showed Tatum making a flight on April 9, 1985, into a small village forty kilometers east north east of Ocotal in Nicaragua. Tatum met Felix Rodriguez and Contra leader Enrique Bermudez, and the three of them inspected a cocaine processing facility located in a large tent, containing all American equipment. Inside were several women packaging cocaine.

Four 110-quart white coolers, marked “medical supplies,” were then put on Tatum’s helicopter for delivery to a C-123 aircraft at San Lorenzo. Tatum then flew back to his home base, at which time he wrote on the back of the flight plan that he filed with military base operations the details of the cocaine lab inspection.

White House and CIA Cocaine Operation

During a flight from Palmerola to El Paraiso, Honduras, his passengers told Tatum they worked for Corporate Air Services out of Illopango Air Base in El Salvador and that they were meeting with Contra leaders to coordinate air drops to various Contra camps. When the meeting was over, Tatum was given a white cooler marked “vaccine” weighing over 200 pounds and instructed to deliver the cooler to a C-130 at Las Mesa airport in San Pedro Sula, Honduras. The cooler was dropped while being taken from the helicopter and split open, revealing over 100 bags containing a white powdery substance: cocaine. The resealed cooler containing the cocaine was then put on a C-130 that was departing for Panama.

Cocaine Bound for World Court as Evidence—Said Oliver North

At one time, upon returning to Palmerola Air Base—thinking that Oliver North did not know about the cocaine trafficking—Tatum called Washington and advised North of the cocaine discovery. North told him a wild story: “The Sandinistas are manufacturing cocaine and selling it to fund the military. It was
bound for the world courts as evidence.”

One of the many military flight plans filed by Tatum, dated March 1, 1985 described delivering two white coolers marked “medical supplies” to Dustoff (MEDEVAC) Operations. Felix Rodriguez than ordered Tatum to deliver the coolers to him at Tela, Honduras (LYA). Tatum checked the contents, and found them filled with about 100 kilos of cocaine. As ordered, he delivered the coolers to Rodriguez, who was waiting in front of an old DC-3. Tatum then returned to his home base at Palmerola, and made the following notation on the back of the military flight plan that he had filed with base operations:

\[
Q/U \text{Two coolers “med supplies”} \text{ Checked contents—white powder—appr } 100 \text{ sacks each.}
\]

Stealing Secret Frequencies from U.S. Military Communications Site

Rodriguez instructed Tatum to obtain the secret frequencies used by the military at a tactical communications site (TAC) called Skywatch, which was the focal telemetry point of several military satellites in this hemisphere. The military had refused to release this information to the CIA, causing the CIA to carry out a plan to steal the secret codes. The Agency contaminated the water supply with an unusually high concentration of chlorine, causing widespread stomach cramps and diarrhea among the soldiers. This required calling for medical personnel to fly to the site and treat the sickened personnel. While the personnel were being treated, Tatum went into a communication van and copied the frequencies from the equipment in use.

Reports to Washington about Military Drug Shipments

Upon his return to Palmerola that afternoon, Tatum called CIA agent Donald Gregg on a secure telephone line, passing along the frequencies that he had copied. Gregg then instructed Tatum to pass the frequencies to CIA agent Clair George at Langley. Before having the call transferred, Tatum told Gregg of his discovery of cocaine in the coolers. Gregg repeated the false excuse that the coolers were bound for the world courts as evidence against the Sandinistas. Tatum was then transferred to Clair George, who took the information and was advised that he would pass the information to Dewey “Duane” Clarridge of the CIA.

Tatum then went to Base Operations and noted this information on the back of the on-file flight plan and the mission-briefing sheet. Copies of some of these forms are on following pages. On this particular flight Tatum wrote:

\[
\text{North arranged for water contamination at TAC site CI flew Medevac to site and while medic attended CI collected TAC FQCYS for North. Upon departure forced to auto-rotate. Declared emergency-bad torque and cracked tail boom.}
\]

One of many military flight plans filed by Tatum was a March 5, 1985, flight that carried CIA and Mossad asset and agent, Amiram Nir; General Gustavo Alvarez, a Honduran Army Chief of Staff who often used the alias, Dr. Gus, and a Honduran Colonel who was the General’s aide. On this mission, Tatum flew into six villages listed on the flight plan, picked up soldiers, and took them to El Paraiso, Honduras.

At El Paraiso, as they prepared to leave, four large white coolers were put on board the helicopter. Pointing to the coolers, Tatum asked Rodriguez, “Evi-
dence?” Rodriguez responded by patting the cooler with his hands, saying, “You catch on fast.” Tatum landed at San Lorenzo (SNL), Honduras, dropping off Rodriguez and the coolers. Upon return to home base at Palmerola. Tatum wrote on the back of the operation’s flight plan, “4 coolers similar to cocaine cooler.”

**Public Funded CIA-Military Drug Deliveries to Arkansas**

Tatum told about the flights in military helicopters carrying the white coolers to the Arkansas airports at Mena and Little Rock while he was assigned to Special Operations at Ft. Campbell in Kentucky during 1983 and 1984. The Medevac unit at Ft. Campbell, 324th Medical Battalion, was a supporting unit for Task Force 160, a Special Operations Unit under CIA control. Flight crews of the 324th Medical Battalion rotated in and out of Honduras on tours that lasted four months.

**Governor Bill Clinton’s Associates Received Cocaine Deliveries**

Tatum described several of the people who met his helicopter’s arrival at Mena and Little Rock: Governor Bill Clinton’s friend, Dan Lasater, who was usually accompanied by a plain-clothes policeman who produced a badge and identification showing him to be Raymond “Buddy” Young. Tatum said that Young showed up in Honduras posing as a member of the Arkansas National Guard. Occasionally, Lasater was accompanied at the Mena Airport by Jerry Parks, who helped in the off-loading of the coolers. Jerry Parks operated a security company that had close ties to the Clinton administration in Arkansas.

**Danger to Threaten Exposing Clinton and CIA Drug Ties**

Some years later, Parks had a falling out with Clinton and had threatened to expose information about Clinton and the drug activities. This caused him to be added to the list of people in Arkansas who were either killed or died under mysterious circumstances.

**Drug Meeting with CIA’s William Barr, Mossad’s Harari, Governor Clinton’s Buddy Young**

During one flight to Tegucigalpa on March 15, 1985, Tatum met with William Barr, Michael Harari, and Buddy Young (head of Governor Bill Clinton’s security detail). Barr represented himself as an emissary of Vice President George Bush, who would be arriving soon. The purpose of the meeting was to arrange for Vice President Bush’s arrival.

The following morning, Young and Harari flew back to Palmerola with Tatum. Because of the high noise level in the helicopter, the passengers, Young and Harari, wore headsets and spoke over the aircraft intercom system to each other, possibly unaware that Tatum could hear their conversation. Tatum was copying this conversation on his kneepad until he ran out of paper. Tatum recorded the conversation:

Young: Arkansas has the capability to manufacture anything in the area of weapons, and if we don’t have it, we’ll get it.

Harari: How about the government controls?

Young: The governor’s on top of it. And if the feds get nosey, we hear about it and make a call. Then they’re called off. [As he looked down at the countryside] Why the hell would anyone want to fight for a shit-hole like this?
Harari: [Shaking his head] What we do has nothing to do with preserving a country’s integrity. It’s just business, and Third World countries see their destiny as defeating borders and expanding. The more of this mentality we can produce, the greater our wealth. We train and we arm; that’s our job. And in return, we get a product far more valuable than the money for a gun. We’re paid with product. And we credit top dollar for product. [i.e. drugs]

Young: [Still looking confused.]

Harari: Look, one gun and 3,000 rounds of ammo is $1,200. A kilo of product [cocaine] is about $1,000. We credit the Contras $1,500 for every kilo. That’s top dollar for a kilo of cocaine. It’s equivalent to the America K-Mart special; buy four, get one free. On our side, we spend $1,200 for a kilo and sell it for $12,000 to $15,000. Now, that’s a profit center. And the market is much greater for the product [cocaine] than for weapons. It’s just good business sense. Understand?

Young: Damn! So you guys promote wars and revolutions to provide weapons for drugs. We provide the non-numbered parts to change out and we all win. Damn, that’s good!

Harari: It’s good when it works. But someone is, how do you say, has his hand in the coffer.

Young: Well, we get our ten percent right off the top and that’s plenty. Gofus can make it go a long way.

Harari: Who is Gofus?

Young: Governor Clinton. That’s our pet word for him. You know they call the President “Potus” for president of the United States. Well, we call Clinton “Gofus” for governor of the United States. He thinks he is anyhow.

Harari: That’s your problem in America. You have no respect for your elected officials. They are more powerful than you think, and have ears everywhere. You should heed my words and be loyal to your leaders. Especially when speaking to persons like me. Your remarks indicate a weakness, something our intelligence analysts look for.

Young: Oh hell, Mike. Everybody knows the Clintons want the White House and will do anything to get it. We know about the cocaine. Hell, we’ve picked it up before with Lasater when he was worried about going on Little Rock Air Base to get it.

Harari: [Changing the topic, Harari questioned Young about his knowledge of who the players were.]

Young: Clinton thinks he’s in charge, but he’ll only go as far as Casey [CIA director] allows. Me and my staff, we keep the lid on things, you know: complaints about night flying, Arkansas people are private folks, they don’t like a lot of commotion, and Mena just isn’t the right place for the operation. It keeps us busy at the shredder, if you know what I mean. Dan’s the man [Lasater]. He does magic with the money. Between him and Jack Stevens we don’t have to worry a bit. Then we got Parks. If there’s a problem, he’s the man. We call him the Archer. That’s the code name that Casey and Colby told us to assign to that po-
CIA’s Arkansas Drug Activities

sition. Finis oversees our drop zone. Nash, he’s just the boss’ yes man. Personally, I think he’s a mistake. Seal and his guys, I like his attitude “and leave the driving to us.”

Harari: You like Seal?
Young: Hell, he’s the only one I trust; respect is the word.
Harari: Do you see him much?
Young: Hell, yes. We test drive Clinton’s rides [cocaine] before we send’em on, you know. [Laughing and grinding his hips.] Say, how much coke can you can make in a week?
Harari: One camp can produce 400 keys [kilos] a week. The others are about half that. But that’s just our operation here. We have other sources in various parts of the world. Why do you ask?
Young: The Governor wanted to know our capacity.
Harari: Who else is on the team?
Young: Well, hell, I forgot who I told you about.
Harari: [Harari repeated the list from memory.]
Young: OK, there’s the manufacturers; hell, these two. [At this point Tatum ran out of paper on his knee board, and didn’t recognize the names; but they sounded like Johnson and Johnson.]

Upon landing at his base, Tatum made a notation on the back of the previously filed flight plan:

*This was a mission to Tegucigalpa. Bush visit/met with Barr & had dinner at German restaurant.*

**Oliver North Passing Out**

On another day, Tatum was alerted for a flight at 5 a.m. to pick up three wounded soldiers at a Contra camp near Choloteca, Nicaragua, and pick up two observers on the way back from Choloteca: Oliver North and Lt. Col. Navarro. As the casualties were loaded into the helicopter at the Contra camp, the medic had to remove a piece of wood sticking out of a bad wound in the chest area. As the medic cleaned the area a hole the size of a softball appeared. North saw it and fainted. Tatum caught him and popped an ammonia capsule under his nose to revive him. The flight then departed for San Lorenzo, Honduras, where the casualties were unloaded. Back at the Palmerola base, Tatum completed the Mission Brief Back report, writing in part:

*Arrived at SLNC Arrival at the helipad the emergency vehicles were not waiting. There was no answer on Medevac FQCY FM 45.10 or on..... 49.10. Confusion on ground causing ground time delay of 15 min. Medics’ duties were compounded when Mr. North fainted.*

As I looked over the many copies of flight plans that Tatum gave me, they provided still more evidence of the following:

- Mossad agent Michael Harari was on many of the flights associated with the CIA and military drug shipments, providing still further indication that Israel’s Mossad is helping the CIA inflict drugs upon the United States.
- William Barr, who Bush appointed to be the top law enforcement officer in the United States, U.S. Attorney General, played a key role in the smuggling of drugs into the United States. Tatum’s statements about reaching Barr at Southern Air Transport in Miami through the name of Robert John-
son confirmed what Terry Reed, author of the book *Compromise*, had told me and had written. Nothing like having members of felony drug operations hold the position of U.S. Attorney General, in control of the United States Department of Justice, and a vice president of the United States. With this type of influence no one needs fear being arrested. And don’t forget the Mafia groups working with the CIA who also receive Justice Department protection that is not available to U.S. citizens.

- The drugging of America involved the CIA, the military, National Security Council, the White House, George Bush, and Governor Bill Clinton, among many others.
- That Mena, Arkansas was a key CIA transshipment point for cocaine coming into the United States on return flights from Central America.
- The existence of a two-tier code of criminal justice, in which people holding key positions of trust in the U.S. government go unpunished for their role in moving tens of thousands of pounds of hard-drugs into the United States, while the average “Joe” or “Jane” is given years in prison for possession of drugs the size of an M&M. That even beats Mexican “justice!”
This hard-to-read document is a travel order for Tatum that reads from Tinker Air Force Base, Oklahoma to "Classified Location" via "Air America" (one of the CIA’s proprietary airlines).
Back of Travel Authorization

3. Due to these potentially life-threatening situations, and with the impending deployment of UT 85 medical assets into this theater [use of] all Medevac A/C and crews deploying to Honduras in support of combined/joint training exercises will be placed under the [operational control of] JTF Bravo Medical Element. This will ensure that the exercise is adequately covered and that air crews in support of other than JFT Bravo Med element’s Medevac Section are knowledgeable of the AOR. Host nation flights requirements and health facilities, and US medical capabilities/locations in-theater.

4. POC at SCSG Maj Ledford (A) 282-5803.

Tatum provided me with a declaration relating to the drug smuggling that is recopied here for easier readability:

DECLARATION

I, Dois Gene Tatum, declare:

I was a helicopter pilot for the United States Army from 1982 to 1986, during which time I flew missions in Central America and also from Ft. Campbell, Kentucky.

From 1986 to 1992, I was an agent for the Central Intelligence Agency, operating under a deep-cover assignment.

During this time I witnessed activities involving high-level U.S. personnel that I felt were unlawful, and I reported these activities to my superiors in the U.S. Army and to my handlers in the Central Intelligence Agency, to the National Security Council, and to various individuals, including William Barr, Oliver North, George Bush.

Among these activities were rampant drug smuggling into the United States involving people in control of the Central Intelligence Agency, the Drug Enforcement Administration, the armed forces of the United States, among others.

I have documented some of these activities on military flight plans, showing as passengers on certain flights, the following: William Barr; Buddy Young; Felix Rodriguez; Oliver North; Joe Fernandez; Manuel Noriega, and Mike Harari.

I have visited cocaine laboratories with the above people, who were inspecting the drug smuggling operations in Central America.

I have documented on some of these military flight plans the nature of the cargo being carried in white coolers that were fraudulently marked as “medical supplies,” which I accidentally discovered to be cocaine.

During one flight and related meeting, I was present while there were discussions as to where drug money was being siphoned on the Panama to Arkansas run. Present at this meeting was Manuel Noriega; William Barr (associated with CIA proprietary Southern Air Transport and later attorney general of the United States); Joe Fernandez; Mike Harari; General Gustavo Alvarez. Participating in this meeting via satellite telephone was Vice President George Bush, Oliver North, and William Jefferson Clinton, then governor of Arkansas.

I have reported these illegal operations to my superiors, including William Barr; Oliver North; George Bush; Felix Rodriguez; Joe Fernandez; Don Gregg; Dewey Claridge.

After I refused to perform a mission that I felt was beyond my willingness to execute, I notified my handlers that I wanted out of the operation, which at that time was known as Operation Pegasus. Their response was to warn me that no one leaves the operation.

I declare under penalty of perjury that the above facts are true and correct to the best of my knowledge and belief. Executed this 15th day of August 1996 in the County of Hillsborough, State of Florida.

Dois Gene Tatum
aka Gene D. Tatum
Tatum provided me copies of these military flight plans with notations on them of the drugs and passengers carried.

**Deep-Cover CIA Asset Tosh Plumlee**

Another of the many sources providing me confidential insider information about the role of U.S. government operations in drug smuggling, and involving many of the people already described, was William “Tosh” Plumlee. After joining the army in Dallas, he worked under several case officers with OSS and CIA ties, including Captain Edward G. Seiwell. Plumlee received pilot training under the GI Bill at White Rock Airport in Dallas, after which he worked at Red Bird Airport south of Dallas, becoming involved with several CIA-front companies. (I was a flight and ground instructor at Redbird Airport in 1949 and 1950, teaching the instrument and airline transport pilot courses, before I started flying as pilot for various airlines. Plumlee and I had also worked for the same airline, Pioneer Airlines at Love Field in Dallas.)

Plumlee was a former deep-cover military and CIA asset from 1956 to 1987 with a long history of CIA activities.

**Fighting Alongside Fidel Castro as CIA Operative**

He was sent to the Miami area where he became involved in covert operations in Cuba, the Caribbean and Central America. Most of this time he flew guns and ammunition for various factions in half a dozen countries. Plumlee said he was driven by the adventure and the paychecks. He explained that in his covert operations he had to keep other federal agencies from knowing about the clandestine and usually illegal operations.

**Covert Operations Have Ring of Unreality for the Public**

He was one of a handful of North Americans fighting to overthrow Batista and install Fidel Castro. He described how covert activities have the ring of unreality to the public because of their lack of knowledge about the activities. Those who work the 8 to 5 shift cannot comprehend what goes on in covert operations.

**CIA Arming Castro while White House Sought to Assassinate Him**

He was involved, while connected to military and CIA intelligence, fighting alongside Fidel Castro’s rebel forces in Cuba; he flew aircraft in Southeast Asia for Air America, and flew arms to Central America and drugs on the return trips, as ordered by his government handlers. There were similar reports indicating that the CIA armed Castro to overthrow the Batista government. After Castro took over in Cuba, shut down mobster-owned casinos, and threatened to nationalize American businesses, the White House sought for the next several decades to overthrow him. This would suggest that the CIA was continuing its practice of undermining governments all over the world, or, that the CIA’s activities were contrary to those established by the White House.

In the 1960s, Plumlee flew missions evacuating defecting Russian missile technicians out of Cuba, and trained Cuban pilots in Nicaragua and Happy Valley, prior to the Bay of Pigs fiasco. He flew in Laos and Cambodia, about the
time of the Tet offensive.

**CIA and Military Personnel Involved in Drug Operations**

Plumlee tried to leave covert operations after a tour in Vietnam, but his handlers kept calling him for other deep-cover or “black” projects. He wrote: *It was in Mexico where I saw the widespread government corruption on both sides of the border. Someone in Washington was turning a blind eye toward drug shipments from Colombia being smuggled through Mexico and into the United States. It was obvious, our intelligence information was being tampered with at the highest level. Millions of dollars, dirty drug money, was being routed through Panama by the cartel, some of it to be used to influence the upcoming presidential election. Some of the illegal cargoes were flown and transported by other CIA operatives and military personnel holding civilian status, thus covering their CIA-Military affiliations from public view.*

Plumlee had flown and had contacts with key people in the Contra and drug operations, including Bill Cooper (captain of the C-123 plane shot down over Nicaragua). He worked for various CIA proprietary or front companies, including Riddle Airlines, the Dodge Corporation, Inter-Mountain Aviation, Evergreen Helicopters, Act Technology, Air America, CDG American Services, In-Air, and other companies that he couldn’t remember. (Ironically, Evergreen helicopter crews would occasionally land one of their large helicopters on my motel property in Yuba City, California, and stay at the motel.)

**Given Many CIA Aliases**

As a standard CIA procedure, the agency gave Plumlee different aliases when working in different undercover operations, including Buck Pierson, James Plumlee, James H. Rawlings, William H. Pierson, Juan Carbello, and some that he couldn’t remember anymore.

In the early 1970s Plumlee was attached to an operation in Miami called Jay Emway, which involved assassination attempts upon Fidel Castro. Plumlee was involved in black operations with the Pentagon while also working with the CIA. He became a CIA contract pilot, taking orders from the Pentagon and worked through the National Security Council staff. Plumlee worked in the CIA’s Jim Wave operation, which was another CIA scheme to assassinate Castro.

**U.S. Military Working with Mafia People**

Plumlee flew many black operations, including flying arms to Central America and drugs into the United States, being advised that these activities were in the national interest. He told me of the heavy involvement of the military, the Pentagon, the staff of the National Security Council, in these drug activities. He described how the military and intelligence groups worked with Mafia people and casino-associated crime groups.

He described assassination attempts on Dominican dictator Rafael Trujillo, and Fidel Castro, and kidnapping people in foreign countries. He described how these illegal operations were given the pious-sounding name of national security, the same label used to support secrecy on subversive and criminal activities against the United States.
**CIA’s Attempt to Assassinate Eden Pastora**

Plumlee described how one of the Contra commanders on the Southern Front, Eden Pastora, also known as Commander Zero, refused to engage in drug trafficking as the other Contras did. The CIA then tried to assassinate Pastora during a media conference held at La Penca, Costa Rica, during which Pastora was expected to expose the CIA-DEA drug trafficking. The conference started in chaos as a bomb exploded and killed several people.

**Operation Whale Watch and Operation Watchtower**

Plumlee confirmed the existence of Operation Whale Watch and Operation Watchtower, drug smuggling operations involving the CIA, U.S. military, National Security Council, that others had described to me. He told me about his drug flights from Central America to the United States for the CIA, with stops at places he marked on maps that he provided.

**U.S. and Mexico Cooperation in Drug Smuggling**

Evidence of some of the most bizarre and contradictory deep-cover operations has periodically surfaced during my many years of obtaining information from my dozens of insiders. Plumlee talked about the close cooperation between Mexican and U.S. government personnel in drug smuggling, for which there is other evidence in later pages. This defies comprehension, but remember there are many factions working under the umbrella of the U.S. government and they often have contradictory agendas. Plumlee described the practice of Mexican police and military protecting drug traffickers, something that will be described in considerably more detail in later pages.

**CIA’s Drug Corridors Through Mexico**

Plumlee described one of the drug corridors used by the CIA that ran the length of Baja California with a refueling stop at an airstrip north of Cabo San Lucas. He described another common drug route that he flew, starting in Panama, with stops at Santa Helene in Costa Rica, Puerto Escondido in Southern Mexico, and then up through Baja California to Mexicali.

He delivered drugs to airfields throughout the Southwest, including Borrego Desert airstrips, one near Humboldt Mountain in Arizona where drugs would be pushed out of the aircraft, an airstrip near Buckskin Mountain close to the Colorado River, and at abandoned mine sites between Parker and Havasu City, Arizona.

**Apples, Pears, and Bananas**

Plumlee described some of the code words used in radio and other communications. “Apples” was the code word for small arms and ammunition. “Oranges” referred to C-4 explosives and primer cords. “Pears” referred to electronics. “Bananas” referred to personnel. For instance, if he was to deliver a government agent, he would say on the radio, “Bananas are delivered.”

“Code 6” referred to the flyway through Central Mexico and crossing the U.S. border at Piedres Negras, and then into the Big Bend region of Texas. “Code 7” referred to the air route along the Baja Peninsula, through San Felipe and Mexicali, to drop points in the Anza-Borrego Desert, Twenty Nine Palms, or the former Patton bombing range east of the Salton Sea.

Plumlee sent me a map containing data on a major drug trafficker at the Delgado Ranch near San Felipe: Luis Carlos Quintero Cruz. Plumlee was part
of a major drug deal in 1986 involving Quintero that involved the Contras.

Some of the data Plumlee conveyed to me corroborated what several of my other sources that flew the drugs told me.

Plumlee provided me with various documents relating to the drug trafficking by U.S. forces, one of which was marked Secret, dated February 13, 1990, which stated in part:

Apparently one month ago (January 1990), and AVINA-Batiz were engaged in conversation when AVINA-Batiz told, that the flow of drugs into the United States is the best solution to Latin America’s problems. The poisoning of American youth is the best answer to the down-trodden Latin American masses in retaliation against the imperialistic actions of the United States.... has learned that the reporter from Vera Cruz (FNU) Valasco, before his death (1985) was allegedly developing information that, using the DFS as cover, the CIA established and maintained clandestine airfields to refuel aircraft loaded with weapons which were destined for Honduras and Nicaragua.

Pilots of these aircraft would load up with cocaine in Barranquilla, Colombia and enroute to Miami, Florida, refuel in Mexico at narcotictrafficker-operated and CIA-maintained airstrips.... Cubans were working a similar type of refuel operations, picking up cocaine in Medellin, Colombia and flying it thru Cuba into Miami.

Smuggling Arms Into Mexico and Destroying FBI Report

An August 10, 1976 FBI report from the special agent in charge of the Phoenix office (62-2116) to the FBI director confirmed that Plumlee had flown a large shipment of arms to Albuquerque for later flight to San Diego, that there was a 1963 government report on the matter in Phoenix file 26-20103, and that the “file has been destroyed.” The FBI report further stated, “This would fit into the time frame PLUMLEE alleged on 8-10-76 wherein he was instructed to leave a plane loaded with arms in New Mexico.” The 1976 date suggests that the United States was clandestinely shipping arms to Mexico. A CIA attempt to destabilize or overthrow another government?

FBI Report of Plumlee Covert Activities

In a FBI report (000037) it was stated that Plumlee had advised special agents of the Cincinnati Division that under authority of a government cover agent, Larry Allen of Miami, Plumlee arranged to fly munitions to the Castro forces in Cuba. On or about July 5, 1958, he flew a DC-3 airplane from Miami International Airport to an abandoned military airport on Marathon Island in the Florida Keys, where the plane was loaded with arms and ammunition and flown to Cuba. Allen paid Plumlee $900.00 for this flight.

The FBI report stated that “it was [Plumlee’s] desire to establish his credibility concerning his past activities [working for government agencies and] in establishing contact with the FBI in Arizona in the event he should ever become involved in border-line activities.” The report stated that Plumlee agreed to provide a written report to the Phoenix FBI office. The report stated that Plumlee was also flying for Regina Airlines and Riddle Airlines. Among the various CIA agents mentioned in the reports were Larry Allen, Johnny Smith, Frank Sutter, John Roselli, and John Martino. The FBI’s reports showed the
Federal Bureau of Investigation knew of the various covert and surely illegal activities by the CIA and the military.

I asked Plumlee if he knew why the CIA and the White House’s position changed from supporting Castro into suddenly calling him an enemy of the United States. He said that President Ike Eisenhower was supportive of Castro but the moment that President Kennedy took office, the support reversed. Castro then sought help from Russia and suddenly became an “enemy” of the United States.

Plumlee provided me with a picture of him seated in the pilot’s seat of a C-130, which was taken of him by pilot William Cooper who was shortly thereafter shot down over Nicaragua in a C-123, exposing the U.S.’s role in undermining the Nicaraguan government. As I looked at notations that Plumlee made on the back of the picture, I saw the name, Crittenden Air Transport, one of my sources who headed a CIA proprietary airline that I describe in great detail in *Defrauding America*. Plumlee explained that he personally delivered that C-130 to Crittenden of Crittenden Air Transport, which provided still more support for Crittenden’s CIA connections.

**Operation Grasshopper: Another Government Drug Operation**

Plumlee described the operation known as Operation Grasshopper and using government contract pilots to fly drugs, including Barry Seal. Plumlee described the protection given to the CIA drug trafficking by other government agencies.

**Murder Of Drug Pilot by Mexicans and Murder of Witness**

Plumlee described the brutal murder of a former Air America pilot, Maurice Louis Gonzales, in Quedo Loco Lobo, near Oaxaca in Southwestern Mexico, by Pepe Suequez. Plumlee described how an informant sought to report the killing to American authorities, who then allowed a Mexico police officer to be present. Later, Mexican police retaliated against the informant for reporting the killing to American authorities by horribly mutilating him and leaving him to slowly die in a Mexican prison yard.

**Hundreds Of “Drug Stings” That Never Happened**

Plumlee said that his government handlers tried to cover up for the government’s drug shipments into the United States with the explanation that the drugs were used in sting operations. Plumlee said, “We were documenting the loads and the routes and waiting for the big busts. But the busts never seemed to add up to the amount of cocaine we were bringing in.” He said that many of the men in the “black ops” with whom he worked felt extremely uneasy about the illegality of the drug shipments. They occasionally talked of exposing the drug trafficking as a group, and complained to their DEA and CIA contacts. The questioning pilots were told, “You’ve got to keep the big picture in mind, or you might blow a major sting operation.”

**One Agency Arresting Another Agency’s Drug-Hauling Pilots**

Plumlee said that he knew of about 125 pilots flying drugs for the CIA, the DEA, and the FBI, some of whom would infiltrate other government groups to determine what they were doing. Occasionally, one government agency would arrest a pilot flying for another government agency or even another office of the same agency. The agency authorizing the operation might either call and
obtain the pilot’s release, or simply sacrifice the pilot and disavow any relationship. The pilot then goes to prison, sometimes for life. Plumlee brought out that different agencies would file charges on people working for other agencies, so that they could show greater results and support their request for higher funding.

Plumlee said that the DEA, CIA and FBI were spying on each other’s covert deals. He described landing a DC-3 loaded with over 1200 pounds of cocaine in Scottsdale, Arizona, where he was to meet an FBI contact who failed to meet the plane. Plumlee then called the FBI, trying to contact the agent. Plumlee said, “The FBI thought I was some kind of nut.” That trip had started from an airfield called “The Farm,” near McAllen, Texas. His instructions were to deliver the arms to the Contras, and then return with a load of drugs.

**Arkansas Drug Drops**

Plumlee described the airdrops of cocaine-filled bags in the areas around Russellville and Mena in Arkansas, mostly in national forest areas, and the subsequent pickup by helicopters. He described how he was involved in several of the helicopter pickups. He said aircraft would go north from the Bayou Buff area to Mena and up to Antlers, Oklahoma. Most of these drops would be at night, with daytime pickups by helicopters. (Tatum and other pilots described this same operation to me.)

He described how helicopters would pick up the drug drops in daylight, with one group authorized to pick up blue colored drug-laden bags, and another group authorized to pick up bags of another color. One of the helicopter companies that he mentioned was American Services.

**Method of Paying Pilots**

Plumlee explained, pilots were paid either by check from the CIA proprietary or front companies to which they were attached, or by cash. He said that his checks or money usually came from military intelligence sources, including Sitco, and sometimes regular military pay. He said to this day he still had not received a military discharge.

At the request of his military handlers, in 1988, Plumlee started a pilot recruitment agency in Southern California called Pilot’s Aviation Network for the purpose of recruiting pilots to continue flying drugs for the various U.S. agencies.

**Reason for Government to Arrange for Seal’s Assassination**

Plumlee described his role in Operation Grasshopper, a top secret military operation in which Barry Seal was a part. Another operation in which he was involved was code named “AMSOG.” Seal was also a part of that operation. Plumlee described the government’s double-cross of Seal, which led to Seal’s assassination. The intent was to keep Seal from testifying about the government’s drug and money laundering activities at a trial that was to shortly start. Plumlee said Seal was a military operative in the early days of AMSOG, a joint operation involving Mexican and American government personnel.

Plumlee described an incident in Mexico where a prisoner, seeking to give him and his DEA agents information about the killing of an American pilot by a Mexican drug lord, was then killed by Mexican guards.

**Lajitas, Texas Drug Transshipment Point**
Plumlee described the heavy amount of arms trafficking from the United States into Mexico and then to El Salvador, and the drug trafficking on return flights. He described what another deep-cover source, Basil Abbott had told me that arms and drugs were flown from Mexico into a small airstrip at Lajitas, Texas, just across the Mexican border.

Secret Codes to Prevent Interdiction of Government Drug Pilots

Plumlee confirmed what other pilots had told me, about military personnel giving him contact codes to get back into the country without being intercepted. Referring to the secret codes given to him that halted drug interdiction flights, Plumlee said, “I have seen interdiction planes turn away after we squawked our transponders, and let us into the country, not molested, and not have Customs waiting for us when we land.”

Plumlee described another procedure to avoid interdiction. At a certain geographical point upon entering U.S. airspace, the pilot would call a particular ground station from the air and say, for instance, “Bravo One, Bravo One,” after which the ground station would answer, “Okay Bravo One, we have a lock.” The pilot would then hit the “Ident” button on the transponder. If the code was correct, there would be no interdiction and Customs would not be waiting the plane’s arrival.

Stealing Arms from U.S. Armories to Arm Chiapas Indians

Plumlee described the stealing of guns and ammunition from National Guard arsenals throughout the United States, which were then used to supply the Cuban rebels, the Contras, the Mexicans in Chiapas, Mexico, and various third world countries. The purpose was to destabilize other countries or overthrow a particular government. Private arms merchants, working with the CIA, Department of Defense and other Pentagon operations, obtained the documentation necessary to move the arms out of the United States.

In Defrauding America, CIA operative Gunther Russbacher described the looting of U.S. arsenals in other covert operations. In one instance, the arms were taken out of National Guard armories and sent to Iran via Israel as part of the bribe used in the October Surprise operation to delay the release of the American hostages seized in Teheran (as described in Defrauding America).

National Security Staff Operating Secretly from NSC Council

Plumlee discovered that the unlawful arms shipments and drug trafficking involved the CIA and other government entities, and even the National Security Council and the White House. Plumlee said the National Security Council often did not know about the arms and drug trafficking activities conducted by the staff of the council.

Tactics to Hide Criminal Activities from the Public

Speaking about how people in control of government agencies keep the government drug trafficking from the American people, Plumlee said:

We’ve lost a lot of people that’s been killed or assassinated or discredited because for whatever reasons, they were going to blow the whistle on current operations they were involved with. Elements within the agencies that are involved would definitely put hit men out, if it was going to jeopardize their on-going operation. Independent operatives within the agency sometimes take it upon themselves to protect the operation, and also to protect
their profit margins.

**Presidential Spin-Doctors**

The Reagan and Bush administrations were accusing the Sandinistas of drug trafficking, seeking public and congressional support for the war against this poor country. But Plumlee described (as others have done) how he discovered that it was the Contras, supported by the United States, who were heavily involved in drug trafficking. Actually, other sources that flew arms to Central America said they delivered arms to both the Contras and Sandinistas, and that both sides paid for the arms with drugs.

**Drug Cartels Penetrating U.S. Data Bases**

Plumlee described how the drug cartels had sophisticated decoding devices that decoded DEA and CIA messages, and that the cartel decoded a message showing that one of the traffickers, named Rodriguez, had given testimony to the DEA. The cartel then beheaded the informer.

**Congress’ Decades of Complicity in Crimes Against Americans**

After Plumlee decided that the drug operations were not lawful undercover operations, but rather criminal in nature, he contacted members of Congress and the media, expecting as I did years ago that they would exercise their responsibilities, receive the information, and use it in such a way that the criminal activities would be exposed, prosecuted, and halted. Plumlee testified to several House and Senate committees, including the Senate Foreign Relations Committee, as an insider who had the evidence of CIA and DEA drug trafficking.

He testified to the close cooperation between Mexican and U.S. officials in the drug smuggling operation. He described how witnesses who were suspected of exposing the U.S. involvement in drug smuggling were assassinated. As other insiders have discovered for many decades, the members of Congress covered up for the criminal activities that he—at great risk to himself—revealed.

**Repeated Depositions with Members of Congress**

In 1983, several years before the lid of secrecy on the Contra scandal was slightly lifted by the U.S. media—forced into doing so by the shooting down of the “Hasenfus” flight—Plumlee met several times with Senator Gary Hart’s aide, Bill Holden. Plumlee gave precise details, documents, CIA and other maps, field maps, coded flyways, names, military codes, that left no doubt that these activities did exist. This information was passed on to various congressional committees, none of who allowed the American public to know about it. Remember, cover-ups like this are federal crimes.

Senator Hart conveyed the information to Senator John Kerry (D-MA), chairman of the Subcommittee on Terrorism, Narcotics and International Communications. Several of my other informants who were an active part of the arms and drug trafficking also contacted Senator Kerry. In a February 14, 1991, letter to Senator John Kerry, Senator Hart stated:

> Mr. Plumlee raised several issues including that covert U.S. intelligence agencies were directly involved in the smuggling and distribution of drugs. He provided my staff with detailed maps and names of alleged covert land-
ing strips in Mexico, Costa Rica, Louisiana, Arizona, Florida, and California where he alleged aircraft cargoes of drugs were off-loaded and replaced with Contra military supplies. He also stated that these operations were not CIA operations but rather under the direction of the White House, Pentagon and NSC personnel. My staff brought these allegations to the attention of the Senate Armed Services Committee and the Senate Intelligence Committee at the time, but no action was initiated by either committee.

In 1991, journalist Art Goodtimes of the Telluride Times-Journal wrote a letter (January 13, 1991) to Senator John Kerry offering to provide maps, data, and testimony of former CIA agent Tosh Plumlee. The letter advised that Plumlee was involved in flying in Central America and had evidence of the U.S. government’s involvement in illegal drug trafficking through Mexico, El Salvador and Panama. The letter stated in part:

Government’s involvement with illegal drug operations, infiltrated by military undercover operatives...Plumlee intent to get a federal investigation into the illegal covert activities instigated by various agencies of our government in Central America.

A DEA report dated February 13, 1990, marked SECRET, stated in part: BUENDIA had allegedly gathered information on...the relationship the CIA had with known narcotic traffickers in Vera Cruz area....the CIA narcotic trafficker situation was very delicate (not to be spoken about)....information on CIA arms smuggling and the connection the CIA had to narcotic traffickers....Shortly thereafter, Eden Pastora, aka Commander ZERO, who had given BUENDIA information on CIA arms smuggling allegedly suffered a CIA sponsored bomb attack while traveling in Costa Rica....It was later learned that BUENDIDA had allegedly obtained information that would expose high ranking members of the PRI political party who were assisting the CIA with arms smuggling and knew of the CIA link to narcotics traffickers. [Buenida, who was exposing drug trafficking by the CIA and high officials of Mexico’s PRI party, was killed by elements of the Mexican DFS security detail.]

Plumlee was only one of many people having direct knowledge of these criminal activities and who gave this information to members of Congress. The sheer number of insiders risking their lives by coming forward should have had some effect upon members of Congress. You guessed it: none.

Hiding From Retaliation by U.S. Authorities
Plumlee eventually went underground, hiding from his prior handlers, and settled in a small town near Denver. In a book Plumlee was writing, he described the government corruption that he saw in Mexico involving both Mexican and U.S. officials and how both either participated in or did nothing to halt the drug trafficking. To the best of my knowledge, Plumlee gave up writing the book because of the widespread public indifference.

Another of Many Hoaxes Upon the American People
Seeking to get public support for the U.S. attempts to undermine the Nicaraguan government. President Ronald Reagan appeared on television holding up a picture allegedly showing Nicaraguan Sandinistas loading drugs onto a
plane in Nicaragua that was piloted by Barry Seal. Plumlee, a friend of Seal, said that the picture was not taken in Nicaragua, but in Panama, and misrepresented to the public what was actually taking place. Plumlee said that the C-123 aircraft from which the picture was taken had on it a global positioning instrument wherein a satellite could identify the location of the aircraft, and the record shows that the plane never went to Nicaragua.

Plumlee said the camera in the C-123 aircraft was rigged up by the CIA at Rickenboch Field and that he helped rig the switching arrangement. The idea was to fraudulently indicate to the American public that the Sandinistas were engaging in drug trafficking, when in fact, as Plumlee stated, it was the Contras—and U.S. agents—who were most active in drug trafficking. The American public was, again, duped by their own leaders.

**Seal’s Ace-in-The-Hole Protection was Valueless**

Plumlee described how Barry Seal told him he had an ace-in-the-hole against federal prosecution. This ace-in-the-hole was Seal’s threat to report the CIA-DEA-White House involvement in drug trafficking to the media and to Congress. Like Tatum, Plumlee, and many others, each of these checks and balances would have ignored his charges and even ridiculed him. Eventually, government personnel set him up to be assassinated by Colombians.

**Evidence of Government Corruption Withheld on National Security Excuse—The Law Calls It, Obstruction Of Justice**

During a taped interview for Jeremiah Films in 1995, Plumlee stated: The result of that testimony [to various congressional committees] was that the testimony was sealed. The committee censored it, calling it national security and top secret. A lot of the pilots that flew and testified to the committees had the same problem. Their testimony was not released. Pilots and other ground crew personnel, who made these allegations in 1982 and 1983, were systematically purged from those operations. There was systematic character assassinations of a lot of good people that had done a lot of black operations, one in particular was Barry Seal, who was a personal friend of mine.... They discredited people with fake documents.

**[Military Bases as Drug Transshipment Points]**

We flew some of the drugs into Air Force bases along the southeast coast, and some in the West and the Southwest...including Homestead Air Force Base. DEA has a very good handle on [the drug trafficking] around Arkansas and Louisiana, but their investigations were completely shut down, stopped in their tracks...and the people who had the information about this operation were suddenly transferred and can’t be found now.

Starting about 1981, the [CIA-DEA] drug smuggling problem was just really starting to escalate. It didn’t really start until the latter part of 1981 and 1982, about the same time that Reagan said we’re fighting a drug war, and a lot of money was appropriated for that....From the time that the money was appropriated to start [the drug war] we saw a 400 percent increase in the illegal drugs that were coming into this country.

**[High Level Government Block-Obstruction of Justice]**

Someone had the power to intercept that information, to destroy the information and the operatives that had gathered the information. Even to
the point of putting them in jail, discrediting their character, by assassinations, assassinating their character by labeling them as “cartel drug runners.”

Drug Cartels Could Have Been Shut Down 20 Years Ago
Plumlee felt that it would have been easy to shut down the drug cartels 20 years ago:
"What I’m saying is the cartel could have been shut down in 1981. The information was there from the informants that had infiltrated the cartel."

Heavy Military Involvement in Drugging America
Plumlee said that he flew over 6600 pounds of cocaine into the United States in government-sanctioned operations. He said many of his flights were for the military, a fact little known, as most of the blame goes to the CIA. He said that his military handler was out of a military base in Arizona.

CBS’s Reversal of what Plumlee Said
Plumlee appeared on CBS Television (November 15, 1996) as CBS televised CIA Director John Deutsch’s appearance before a high school in the Watts area of Los Angeles. After Deutsch was filmed—denying any CIA involvement in drugs—CBS showed Plumlee stating in a 30-second clip that he flew drugs; that he did so under orders of individuals, and that the CIA was not involved. After I saw that segment, I contacted Plumlee, since he had earlier gone into great detail describing the CIA involvement in drug smuggling. Plumlee had clearly stated this fact to CBS over the last few years and had provided the TV network with documentation. Plumlee was outraged that CBS took his statements out of context as Plumlee was referring to another drug smuggling operation that was controlled by the National Security Council, the Pentagon, and the White House.

In response, I wrote a letter on November 22, 1996, to Bruce Rheins, CBS News producer in Los Angeles, complaining about that cover-up for the past 30 years. I advised him that I also had considerable evidence of covert agencies and the military smuggling drugs into the United States, and had over two dozen former agents of the FBI, CIA, DEA ready to testify to these activities.

Rheins responded on November 25, 1996: “Your name has surfaced quite frequently in my research surrounding the allegations of the CIA’s involvement with the distribution of crack cocaine in South Central Los Angeles.” He made no attempt to obtain any information from me. On the contrary, I was canceled from two subsequent CBS television productions.
Plumlee in the cockpit of a military C-130 aircraft
A primary CIA drug-money laundering operation was Nugan Hand Bank with headquarters in Sydney, Australia and branch offices in Far East countries. Drug money laundering was the primary function of this CIA operation, with offices conveniently located in the Golden Triangle drug producing area. Nugan Hand Bank was incorporated in 1976 in the Cayman Islands, a popular money-laundering location, and believed to be a replacement for Castle Bank & Trust that had been incorporated in Nassau, Bahamas. Secondary functions for Nugan Hand were arms sales and funding covert activities.

**Staffed By the CIA**

Most of the management personnel of Nugan Hand Bank were intelligence community personnel. The most visible partners were Francis Nugan, Michael Hand, and Maurice Bernard Houghton. When Nugan Hand shut down, most of the staff moved to other CIA operations, including Bishop, Baldwin, Rewald, Dillingham and Wong in Hawaii. These players, with a long CIA and military intelligence background, included, for instance, Admiral Earl Yates, General Leroy Manor, and General Edwin Black.

Nugan Hand had vast amounts of money hidden in assets and financial holdings throughout the world. Either to appear as a legitimate international investment operation, or to defraud people out of millions of dollars, Nugan Hand took deposits from individuals throughout the world. When the cover for this CIA operation was blown, these funds were quickly moved to other CIA proprietaries, inflicting financial losses upon the investors and depositors. Many of the individuals putting money into the CIA’s Nugan Hand Bank were military personnel, who eventually lost everything they deposited.

**Exposing the CIA’s Nugan Hand Drug Operation**

Nugan Hand’s cover was blown on April 11, 1980, by a reporter for *Target*, a Hong Kong financial newsletter. This exposure required Nugan Hand to immediately shut down the operation, destroy evidence of its CIA links, and for the key players to leave town.

Francis Nugan was one of the most visible players in the Nugan Hand operation. He was an alcoholic with a reputation for talking too much, a trait that threatened to expose the CIA’s role in the operation. Assassins killed Nugan...
(January 27, 1980), leaving his body in a car alongside a lonely road outside of Sydney, Australia. A bolt-action rifle was found alongside the body, and the scene was made to look like a suicide.

An unspent bullet remained in the firing chamber of the bolt-action rifle. For an unspent bullet to be in the chamber after firing the shot that was instantly fatal, someone—other than Nugan—had to manually operate the bolt handle. Nugan obviously did not do this. The bullet had killed Nugan instantly, blowing away much of his skull and scattering it throughout the car. There were no fingerprints on the gun, indicating that whoever fired the fatal bullet wiped the fingerprints from the rifle.

**Calling Card of CIA Director on Nugan’s Body**

The only identification on Nugan’s body was a calling card apparently overlooked by the killers: William Colby, former Director of the Central Intelligence Agency, with a meeting date written on the back. Colby was legal counsel for Nugan Hand and had connections to the Wall Street law firm of Reid & Priest, suggesting that this firm was a front for the CIA or a CIA proprietary.

**Colby’s Mysterious Death**

Some years later, on May 6, 1996, Colby died under mysterious circumstances. With his dinner on the table, he allegedly went canoeing by himself, at night, in a fragile canoe, on the Wicomico River, a tributary of the Potomac River at Rocky Point, Maryland. His body washed ashore a week later.

Colby knew of many CIA secrets and testified frequently before Congress. He revealed many CIA secrets, including killings by the CIA, and a list of prior CIA operations, which angered many people, including those who would be exposed in criminal activities. He headed Operation Phoenix in Vietnam that killed over 20,000 Vietnamese. President Nixon made Colby director of the CIA in 1973. After Ford took over the presidency following Nixon’s departure, President Ford replaced Colby because Colby was revealing to Congress too many CIA and other government secrets.

**Hand Surfaced in CIA activities in Iran and Caribbean**

Before Australian authorities started an investigation, Michael Hand disappeared, along with most of the Nugan Hand records. Although the media reported that Hand had disappeared, leaving no trace, one of my CIA sources, Trenton Parker, told how he and Hand had worked together in the early 1980s. Hand had first gone to Iran, working with the CIA, and then to the Caribbean. Parker stated that he and Hand took over one of the drug trafficking operations for the CIA in Central and South America. He said that Hand’s experience in developing the Golden Triangle drug operations for the CIA made him useful in expanding the drug operations from Central and South America into the United States.

**Most U.S. Media Kept Nugan Hand Affair Out of the News**

The CIA’s Nugan Hand affair received considerable media attention in Australia, but the mainstream media in the United States said virtually nothing about this CIA operation. Australian authorities conducted numerous investigations, but in their final report they whitewashed the Nugan Hand affair.

**Major Efforts to Destroy CIA Links**

After Nugan’s body was found, intense activities were initiated to destroy
evidence linking Nugan Hand Bank to the CIA. Retired three-star U.S. General Leroy J. Manor (formerly chief of staff for all U.S. forces in Asia and the Pacific), who had been head of Nugan Hand’s Philippine office, tried to have the wire services block the reporting of Nugan’s death. Recently retired Rear Admiral Earl P. Yates (formerly chief of staff for strategic planning for U.S. forces in the Pacific and Asia) flew to Australia to direct the shredding of documents. Yates was president of Nugan Hand, and lived near CIA headquarters at Langley, Virginia. Michael Hand joined in the shredding. Maurice Houghton and his attorney, Michael Moloney, also arrived. Hand threatened lower-level employees, stating if Maloney’s orders to sanitize the files before the law arrived weren’t followed, “terrible things would happen; your wives would be cut up and returned to you in bits and pieces.” (Wall Street Journal, August 24, 1982)

Two Wall Street Journal articles (August 25 and 26, 1982) described Nugan Hand Bank as a drug and arms-related operation, staffed by CIA and military personnel. The articles stated in part:

Nugan Hand bank was deeply involved in moving funds about the world for big international heroin dealers...U.S. servicemen are big losers in failure of Nugan Hand Bank.

Australia’s Royal Commission on Drugs found so much evidence of drug and drug-money trafficking by this CIA operation that it recommended a separate Royal Commission be appointed just for the bank’s operations. But Australia’s intelligence agency, ASIO, blocked an investigation, reflecting the common practice of intelligence agencies to protect each other rather than their own country. U.S. officials stymied every attempt by Australian authorities to obtain information about Nugan Hand Bank.

During its investigation, the Royal Commission found that drugs were flown into a landing strip by former Air America pilot K.L. “Bud” King and Michael Hand. The strip was on a real estate development promoted by U.S. singer Pat Boone and financed by wealthy shipping magnate D.K. Ludwig. King, who also worked for the Boone-Ludwig project, whose testimony could have been very damaging to Nugan Hand and U.S. officials, died mysteriously in a fall.

Australian authorities connected Nugan Hand not only to drug and arms transactions, but also to contract murders, of which there were several associated with Nugan Hand’s demise. Australian attorney John Aston and his law firm were found to represent Nugan Hand and various drug traffickers, and the law office was used as a drop point for money to be secretly deposited and moved by Nugan Hand.

Disappearance of One Billion Dollars
Hand disappeared as Australian authorities sought to question him about Nugan’s death, the Nugan Hand Bank operation, and the disappearance of approximately one billion dollars from the bank.

Bishop, Baldwin, Rewald, Dillingham and Wong
After Nugan Hand’s cover was blown and the operation abandoned, the CIA brought into existence another financial institution that was based in Hawaii. A name was fabricated, which included names famous in Hawaii: Bishop, Baldwin, Rewald, Dillingham and Wong (BBRDW).
For appearances, the CIA placed in charge a Honolulu businessman who had previous CIA connections: Ronald Rewald. Rewald had worked for the CIA years earlier while attending Milwaukee Institute of Technology. That CIA college project was called Operation MH Chaos, and consisted of spying on student groups during the mid-1960s. The CIA gave Rewald the alias WINTERDOG. Other similar CIA operations were called Operation Mother Goose and Operation Back Draft.

Rewald’s first CIA station chief and handler was Eugene J. Welch, who was later replaced by Jack Kindschi, followed by Jack W. Rardin, all of whom coached Rewald on CIA operations. Several years later, Rewald would be the fall guy when the CIA cover was blown on BBRDW.

The CIA used BBRDW as an international investment company cover, with 120 employees staffing offices in sixteen countries, including Hong Kong, India, Indonesia, Taiwan, New Zealand, Singapore, London, Paris, Stockholm, Brazil and Chile. CIA personnel opened and operated these far-flung offices.

This CIA proprietary was started, operated, and funded by the CIA in 1979, using many of the same high-level people that had staffed Nugan Hand Bank. By the end of 1980, BBRDW began setting up offices in Hong Kong, Taiwan, Indonesia, Singapore, and Australia, all former Nugan Hand locations, staffing the offices with over 30 CIA agents. Some of these agents were the same high-level people that operated Nugan Hand Bank (General Edwin Black, General Leroy Manor, Admiral Lloyd Vassey, Admiral Earl Yates, Walter McDonald, and Maurice Houghton). As in most CIA-related proprietaries, its key management was comprised of CIA-related personnel.

Rewald entertained world-known figures, including the Sultan of Brunei, Ferdinand and Imelda Marcus, members of the Afghanistan Mujahedin.

**CIA Cover Blown by Honolulu Television Reporter**

In the mid-1980s a Honolulu television reporter discovered irregularities about the operation and started reporting them, which threatened to expose it as a CIA operation. CIA personnel secretly transferred the funds into other secret CIA operations and then, working with Justice Department prosecutors, falsely charged Rewald with fraudulent diversion of millions of dollars in assets, indicting him on August 30, 1984.

U.S. District Judge J. Fong refused to allow famed San Francisco lawyer Melvin Belli to represent and defend Rewald. Instead, he appointed a young law school graduate who had never tried a case. In addition, Fong barred Rewald from presenting documentary evidence of his CIA relationship and showing that BBRDW was a secret CIA operation.

The court proceedings became known throughout the world as a CIA operation and cover-up, except in the United States where the media kept a lid on the events.

The naive jury believed everything the prosecutor claimed, and was further influenced by Judge Fong’s hostile attitude toward Rewald. Rewald’s inexperienced lawyers tried, but wasn’t any match against the chicanery of the Justice Department and CIA personnel and the conniving judge. Even though the missing money could never be traced, the jury refused to believe that BBRDW was a CIA operation and decided that Rewald was guilty of having embezzled mil-
lions of dollars from BBRDW. They decided he was guilty and Judge Fong sentenced Rewald to prison for 80 years.

After ten years in prison, Rewald came up before the parole board. I had sent to the parole board a draft of a chapter on Rewald, showing the fraud and corruption responsible for his incarceration. It is unknown whether this had anything to do with the parole board’s decision, but Rewald was released.

Rewald then returned to his wife and children who had supported him throughout these trying times. Rewald became employed in the entertainment business and started leading a life as normal as possible after having suffered in this manner.

Because this book focuses more on drug trafficking, a more detailed history of BBRDW can be found in the edition of *Defrauding America*.

**Rewald Became a Friend and Confidant**

In the early 1990s, Ron Rewald and I became good friends, and over several years he provided me a great amount of information on all forms of CIA activities, along with several boxes containing hundreds of CIA documents generated within the secret BBRDW operation.

**Funding Secret Bank Accounts for U.S. Officials**

In March 1996, Rewald gave me several boxes containing hundreds of CIA documents generated from the CIA’s secret operation in Hawaii. Within these boxes I found highly sensitive material, including notes that Rewald had made while the titular head of BBRDW. These notes and documents, including CIA papers, showed that the operation was definitely related to the CIA.

Rewald, as titular head of BBRDW, was primarily involved in public relation type of activities. He stated that some of the CIA personnel in BBRDW were involved in drugs but that he did not get involved. I had the benefit of years of contacts with CIA and other deep-cover personnel and that I was far more aware of the extent of CIA drug trafficking than Rewald. I felt that he was unaware of the extent of these activities.

**Documents Bringing Down Officials—In Any Other County**

Deeply imbedded in these documents was an envelope labeled “Attorney-Client information.” The information was dynamite, divulging secret bank accounts set up for well-known politicians and covert agency operatives. The notes in the envelope listed high-level people with secret CIA-funded accounts. The names on the left side of the notes were the aliases Rewald used to identify the people on the right for which there were secret bank accounts opened and funded by the CIA through BBRDW.

- Irwin M. Peach George Bush
- Mr. Bramble George Bush
- Commander Quinstar General Hunter Harris
- Mr. Apan Robert W. Jinks
- Mr. Grey Robert Allen
- Farrah Fawn Jackie Vos
- General Shake Arnold Braswell
- Mr. Branch Richard Armitage
- Mr. Denile William Casey
- Slimey Affirm Stanley Sporkin

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- Secret CIA Financial Institutions
- 97
Arnold Braswell was commander-in-chief of U.S. Pacific Air Force (CINCPAC). Rewald’s notes also indicated that fictitious names were used to hide money for B.K. Kim, Philippine President Ferdinand and Imelda Marcos, among others. Richard Armitage was U.S. Assistant Secretary of Defense and reportedly heavily involved with drug trafficking while in Vietnam. William Casey was Director of the Central Intelligence Agency. Stanley Sporkin was legal counsel for the CIA, and then a federal judge in Washington, D.C. In this capacity, he unlawfully dismissed one of my federal actions seeking to expose the government corruption in which he was involved.

These notes, written by Rewald over ten years earlier when he was head of BBRDW, provided additional evidence of U.S. officials hiding their money in secret bank accounts overseas. The accounts were in financial institutions in Hong Kong, Switzerland, and the Caymans.

Information on another sheet that I found in Rewald’s papers revealed activities engaged in by CIA agents embedded into BBRDW and its various subsidiaries. These are the activities in which Rewald refused to get involved, including CIA drug trafficking.

These notes revealed other activities that I hadn’t known about earlier. While Rewald was hospitalized in Honolulu, sources kept him informed of some activities being taken to remove and hide the funds from BBRDW and subsidiary accounts. General Hunter Harris called President George Bush to alert him that the cover on BBRDW had been blown, and wanted instructions as to how to proceed. CIA head, William Casey, then called Robert W. Jinks, and told him to work with Robert Allen. Jinks was then ordered to proceed to Texas to get bank account information and then go to the Cayman Islands where the accounts were located.

Rewald’s notes indicated that someone from CIA headquarters at Langley, or an associate of Robert Allen, eventually went to the Cayman Islands and moved BBRDW funds to another offshore country. Robert Smith, who wasn’t directly involved in the money transfer but aware something was going on, learned that a General in Texas was to give Robert Jinks bank account information and that he, Robert Smith, was to go to the Caymans to retrieve the hidden money. General Arnold Braswell was to assist in this removal, but because of stress and his drinking problem, he was too unreliable and was not used.

Similar efforts were being taken to remove funds from BBRDW and subsidiary accounts in Hong Kong and Switzerland. About this time, funds were being received from secret arms sales and Rewald said that Ned Avary diverted these funds away from BBRDW.

While these events were taking place, Robert Allen sought to force Jackie Vos to disclose the whereabouts of the Green Book that listed these accounts so as to destroy the records.

**Forbes Magazine Editor Reported Similar Financial Irregularities**

Former senior editor of *Forbes* magazine, James Norman, had reports (*Media Bypass*, February 1996) that a secret group in the intelligence community, outraged at what was going on, infiltrated bank money transfer systems and
discovered large quantities of money sequestered in overseas bank accounts for government figures. One of these people was allegedly Vincent Foster, President Clinton’s personal attorney, who made a number of one-day trips to Switzerland to conduct bank activities.

Rewald Invited to Washington by President George Bush

Rewald wrote in his notes that he had met President George Bush twice in Hawaii, and had been invited to meet with the president in Washington for lunch or dinner, along with someone that Rewald identified as “Brady.” All of these people were described in Rewald’s notes by their code names, but a separate sheet of paper identified who they were, except for “Brady.”

I asked Rewald about these, and he stated that he made the list of names with secret offshore bank account numbers. I asked Rewald, “Referring to the fictitious names for offshore bank accounts, do I correctly understand that you made up the alias names yourself?”

You mean, Peach for Bush? That was done well after the collapse [of BBRDW] and was done to disguise my reference to the accounts so that someone picking it up wouldn’t know what I was talking about. These people certainly had these accounts.

In 1995, some months before the downing of TWA Flight 800, Rewald provided me with information and documentation relating to surface-to-air missiles about to be acquired by Middle East terrorists. That same information could have possibly changed and improved U.S. involvement in Afghanistan. More about these matters in later pages.

The CIA secrecy agreement signed by Ronald Rewald, recopied her for easier reading (original copy in my possession).

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**SECRECY AGREEMENT**

1. I acknowledge the fact that because of the confidential relationship between myself and the U.S. Government, I will be the recipient of information which, in itself, or by the implications to be drawn therefrom, will be such that its unlawful disclosure or loose handling may adversely affect the interest and the security of the United States. I realize that the methods of collecting and of using this information, as well as the identity of persons involved, are as secret as the substantive information itself and, therefore, must be treated by me with an equal degree of secrecy.

2. I shall always recognize that the U.S. Government has the sole interest in all information which I or my organization may possess, compile or acquire pursuant to this understanding. No advantage or gain will be sought by me as a result of the added significance or value such information may have, due to the Government interest in it.
3. I solemnly pledge my word that I will never divulge, publish, or reveal either by word, conduct, or by any other means such information or knowledge, as indicated above, unless specifically authorized to do so, by the U.S. Government.

4. Nothing in this understand is to be taken as imposing any restriction upon the normal business practices of myself or my organization: i.e., information normally possessed by us or gathered in the regular course of business will continue to be utilized in accordance with our normal practices.

Signature    Signature
H. Mason    Ronald R. Rewald

25 June 1979        CMI Investment Corporation

Declassified Date 8/25/85
In mid-1995, I started a friendship with a 15-year veteran of deep-cover CIA activities who provided me with detailed information on highly secret covert activities. Stephen Crittenden operated a CIA proprietary airline, Crittenden Air Transport (CAT), based in Bangkok, Thailand, with a small office at the Miami International Airport, and several subsidiaries. He described how the CIA starts up a secret proprietary airline and puts a figurehead in position as the titular head of the operation.

Years earlier, CIA operative Gunther Russbacher had told me about Crittenden Air Transport, describing it as a CIA operation, and I listed it as such in the second edition of *Defrauding America*. But it wasn’t until after that second edition was published that Crittenden contacted me. We spent dozens of hours in frequent deposition-like sessions and exchanged dozens of long detailed fact-filled letters during which I learned more about the secret operation of that airline. Some CIA operatives referred to that airline as the “ghost” airline because it was often seen in covert operations but little was known of it, including where it was based.

**Start of A CIA Proprietary**

Crittenden joined the Army at 17, and was in the Army Special Forces program. He did four 9-month tours of duty in Vietnam from 1969 to 1973 and was with Air America from January 1974 to December 1975. Crittenden’s conduct in Vietnam drew the attention of the CIA, and he was selected to be the head of a new airline. At 24 years of age, Crittenden had much to learn about operating an airline, but the CIA provided management personnel and did most of the scheduling from CIA headquarters at McLean, Virginia. He was provided a mentor to organize and operate the airline that was given the name, Crittenden Air Transport (CAT).

In January 1976, Crittenden Air Transport commenced operations with five C-123 aircraft, an office building in Bangkok (with offices in Sydney, Australia and Miami) and $20 million in start-up operating cash provided by the CIA. This high-level CIA involvement permitted Crittenden to fly many of the flights. It was a business-person’s dream. He had no mortgage payments to make, and engine replacements and aircraft upgrading were provided by the CIA at no charge. Most of the aircraft loads consisted of arms and drugs, with payment for full loads even when flying partial loads or empty.
First Flight to China

In January 1976, Crittenden Air Transport (CAT) made its first flight in a two-engine C-123, which was to Beijing, China, delivering a load of small arms and picking up a load of heroin. CAT received a $100,000 check from the CIA’s Shamrock Corporation in Ireland for that flight. Crittenden, a young man given an airline by the CIA, thought he had really hit the big time. Far bigger payments would be made in the future. (CAT should not be confused with an earlier CIA airline, Civil Air Transport out of Taiwan that also used the initials, CAT.)

The drugs from that flight were unloaded at Bangkok, Thailand, where another CIA proprietary (or front) airline, Southern Air Transport (SAT), transported the drugs in its four-engine C-130 to Los Angeles. At that time, Crittenden Air Transport was only flying twin-engine short-range military C-123s, and Southern Air Transport was flying long-range four-engine C-130s. The C-123s flying from Bangkok to Clark Air Force Base near Manila carried approximately 10,000 to 12,000 pounds of heroin.

CIA Provided CAT Additional Aircraft

Several years after the formation of Crittenden Air Transport, the CIA provided Crittenden Air Transport with seven military C-130s and one Boeing 707, which came from Evergreen International Airline’s operation at Pinal Airport near Marana, Arizona, a small town north of Tucson. No money was paid for the aircraft, and no money was owed on them. Eventually, Crittenden Air Transport had over 15 large aircraft.

After receiving the long-range C-130 aircraft, Crittenden Air Transport then handled much of the Pacific Rim cargo for the CIA that was formerly handled by Southern Air Transport. These flights usually flew from Hong Kong to the United States via Honolulu. After this change, Southern Air Transport confined its operations mostly to Central and South America (until it returned to the Pacific rim in approximately 1987).

With the additional and longer-range aircraft, the CIA had Crittenden flying into additional countries, including the United States, Mexico, France, Germany, Great Britain, Egypt, Italy, Colombia, Bolivia, and Panama. Payments for these flights came through the CIA’s Shamrock Corporation, with checks written on various bank accounts, including the Bank of Credit and Commerce International (BCCI), Valley Bank in Phoenix (a reported CIA proprietary), Bank One, and Barclays Bank in Miami. (Barclays is a major British bank headquartered in London, with offices throughout the world.)

Common destinations in the Pacific were Sydney, Manila, and Singapore. Out of Miami, common destinations included San Salvador in El Salvador, Guatemala City in Guatemala, Managua in Nicaragua, San Jose in Costa Rica, and Panama City in Panama. A typical flight from Manila or Bangkok to the United States would make several fuel stops and proceed to various destinations in the United States, including Miami (where Crittenden had a small office) or Mena, Arkansas. Special codes were used during air traffic control procedures that advised Customs not to inspect that aircraft.

Loads of Arms and Drugs for the CIA

Crittenden went into detail describing the types of cargo he carried, the
people he dealt with, and many specifics concerning logistics, fueling, billing, payments, and other data that could only be known by someone in a position held by Crittenden. Most of the loads were either arms or drugs, including heroin from Southeast Asia or cocaine and marijuana from Central and South America. Crittenden explained that other covert proprietary airlines, such as Southern Air Transport and Evergreen, also carried similar loads for the Drug Enforcement Administration.

**Further Description of Drug Trafficking**

Crittenden described numerous CIA flights transporting drugs into the United States. He described his contacts with Fernando Canles, then head of the Bolivian Air Force, who transported cocoa paste in their own aircraft to Medellin, where it was then off-loaded for further processing into cocaine. Crittenden described flying Canles to La Paz in 1984 in a newly overhauled Lodestar 500 (a converted piston-powered Lockheed Lodestar). Crittenden said that he gave Canles flying lessons in the Lodestar, and that Canles had an expensive condo in Key Colony in Key Biscayne, Florida.

**Meeting with Colombian Drug Trafficker Pablo Escobar**

Crittenden described the many drug loads that he flew for the CIA out of Southeast Asia and Central and South America. He described various contacts that he had with known high-level drug traffickers. He described his Miami meeting with Pablo Escobar in 1990 to arrange payment for a CIA drug flight out of Colombia.

**Paymaster for Drug Cartels?**

Crittenden described Colombian and Bolivian drug cartel people landing their Cessna Citations and Lear jets at Marana Airport, arriving to obtain payments for prior drug shipments. These were usually flights from Colombia and Bolivia, and which usually took off from an airport outside of Mexico City and then on to Marana, 50 miles into the United States from the Mexican border. Stephen said these planes never cleared Customs.

**State Police Protecting Drug Loads**

Crittenden went into detail about drug loads that he flew for the CIA into Mena Airport in Arkansas. He described the practice of Arkansas State Police guarding the unloading operations, closing off the airport access roads during unloading, which coincided with what other pilots had told me who had flown drugs into Mena.

**Shamrock Corporation, CIA Paymaster**

Other CIA assets, including Gunther Russbacher, had described the role played by the CIA’s Shamrock Corporation in Ireland, disbursing money for various CIA operations, including bribe money to federal judges and other covert agency assets. Crittenden described his relationship with Shamrock that focused on other areas of Shamrock’s activities. He said that the Shamrock Corporation paid his airline for the flights flown, which he said totaled over $500 million for flights from 1976 to 1988.

**Orders from CIA Headquarters**

Crittenden described how he received his instructions from the CIA for his various missions. In some cases, he called his handler, Ross Lipscomb, at CIA headquarters in McLean, Virginia. Crittenden remembered the confidential
phone number as 202-357-1100, and when the switchboard operator answered, Crittenden would respond, “Access code 4613,” after which he would be switched to his CIA contact. Stephen said that the “3” in the code signified that he was Level Three.

Instructions for Avoiding Radar Detection

In some cases his instructions came on disks that he would put into his computer. He described receiving disks on some occasions from CIA asset G. Gordon Liddy, sometimes receiving the disks in the garden area of the DuPont Center in Miami. Included in the disk data was information about avoiding radar detection while flying drugs into the United States from Central and South America.

CIA Stolen Aircraft Operation

Crittenden described another facet of how the CIA (and the National Security Council under Oliver North) used stolen aircraft in the Contra arms and drug-smuggling operation. CIA assets Gunther Russbacher and Terry Reed described this practice. Crittenden described how twin-engine Beech D-18s were stolen and then sent to Volpar Aviation at Van Nuys Airport in California for a Volpar conversion to nose-wheel from tail-wheel configuration. Crittenden stated that a Sam Virse from Memphis, Tennessee, took many of these aircraft to Volpar.

Elaborating more on this operation, Crittenden stated that Aviation Materials on Sweeny Road in Memphis, Tennessee, was an aircraft salvage yard containing wrecked Beech 18s, Queen Airs, King Airs, Barons and Cessna 366 and 377s. Reportedly, the owner, Graham Lotts, would give the aircraft manufacturer’s data plates that were riveted onto the fuselages of the wrecked aircraft to Virse, who owned an airport at Bud Island in Memphis. Virse reportedly had a couple of assistants who would steal identical aircraft. The manufacturer’s identification plates would be removed from the stolen aircraft and replaced with the data plates from the wrecked aircraft. The aircraft would then be flown to Volpar in Van Nuys to be repainted and modified.

Crittenden stated that Volpar knew the CIA was picking up the aircraft after modification, but was probably unaware that the aircraft were stolen. He said that this practice continued from 1976 to 1988, during the time of the CIA, State Department, and National Security Council’s arms and drug trafficking in the Contra operation.

Requiring FAA Assistance

Crittenden described how someone within the FAA at its Oklahoma City registration division cooperated in this scheme by furnishing Sam Virse pre-signed aircraft Airworthiness Certificates to be used in the stolen aircraft having the substituted manufacturer’s identification plates.

Companies Cooperating with the CIA

Crittenden described several airlines that were involved with the CIA in a cooperating relationship, including Eastern and Braniff when they were still operating, and Continental. These cooperating airlines received various benefits for their covert role with the CIA, including fuel allotments and fuel discounts, mail contracts, hidden subsidies or payments.
Another Side of CIA-Evergreen Operations

Crittenden described the practice of stealing jet engines and other valuable equipment and avionics from Eastern Airlines aircraft that were stored at Marana Airport after Eastern went into Chapter 7 bankruptcy. He described how low-time jet engines were removed from Eastern Airlines’ Lockheed 1011s and other aircraft and then replaced with high-time nearly run-out engines, and the records altered to cover up for these activities.

This mindset could be expected to be accompanied by similar conduct in other aircraft maintenance practices, such as placing worn parts on aircraft and counting on averages that they would not be discovered. A former Evergreen mechanic, Andy Anderson, based in Australia, filed a lawsuit against Evergreen Airlines (Portland Free Press) charging that he was fired for objecting to the practice of installing worn-out parts on Boeing 747s and other aircraft and falsely showing them as meeting replacement specifications.

One of Evergreen’s government contracts involved the “Logair” contract, flying military equipment and supplies from one air force base to another. (I also flew this contract operation as a pilot for Transocean Airlines in the 1950s.)

A video was produced about Evergreen’s covert activities and CIA connections that were titled, “Welcome to Evergreen.” The video caused the Air Force Office of Special Investigations (AFOSI) to conduct a secret investigation of Evergreen in 1995.

Revolving Door: Congressional CIA Oversight As CIA Employee

Former Congressman Denny Smith, who had oversight responsibilities for the CIA, later became a member of Evergreen’s board of directors.

Another CIA operator in Houston, Ted Smith, sold and traded military equipment throughout the world. When a deal was made, Crittenden Air Transport would load the military equipment at Fort Hood, Texas, and at that time the list was given to a Major Robert Cooper. Often, the goods were unloaded in San Salvador, El Salvador. Crittenden said the CIA people responsible for subsequent distribution were James Pennington and John Forsyth.

Ports-Of-Call Airline

Crittenden said his airline did business with Ports-of-Call Airline that flew passengers to vacation destinations and also had cargo flights for hauling arms and various cargo, such as food to Ethiopia. He said the airline hauled drugs for the CIA. The airline was based in Denver and had a fleet of Boeing 707 and Convair 880 and 990 jets. After Congress conducted closed-door hearings into the Iran-Contra affair, and after Denver papers carried stories of its questionable operation, the CIA shut down the operation.

Crittenden said his C-130 aircraft hauled four loads of cocaine during 1983 and 1984 to Guatemala City, where the loads were transferred to Ports-of-Call Convair 990 jets. Each C-130 carried approximately 20,000 pounds of drugs that were distributed into two Convair 990s. Ports of Call operated in close liaison with Evergreen International.

Contact with CIA’s Evergreen Airline

Evergreen International Airlines was known to be a CIA proprietary or front, and was first told to me in the early 1990s by CIA operative Gunther
Russbacher. Crittenden had frequent contacts with top management people at Evergreen’s McMinnville, Oregon, headquarters, and Evergreen’s more secretive operation at the Marana Airport. Crittenden thought that the McMinnville operation was relatively clean as far as drug trafficking was concerned and that the drug shipments went through Marana.

Crittenden described how CIA money was flown from CIA headquarters at McLean, Virginia to Marana, sometimes using a Boeing 707 with NASA markings, flown by CIA pilots, including himself. Part of this money was reportedly used to pay for drug shipments arriving from Central and South America.

Crittenden had dealt personally many times with Evergreen’s president, Dale Smith. Stephen said that Smith was more of a figurehead and that for many years the main person was Mike Irwin who provided Stephen with a card authorizing his presence at the heavily guarded Marana operation. Crittenden said Don Doss was head of aircraft scheduling, and was a level-two CIA asset. Doss’ immediate boss was Walt Burnett.

Listening to CIA Conversations

A practice that I had with Gunther Russbacher was repeated several times with Crittenden. While I had either of them on the phone I would use my telephone conference-call capabilities to call CIA assets and CIA companies that they knew, and I would then listen to the conversations, which provided further support of Crittenden’s CIA status. During a June 1995 telephone conversation between Crittenden and Evergreen’s Walt Burnett, the conversation clearly established that they knew each other and had engaged in CIA-related activities. During another call that I placed to Evergreen’s Walt Vernon in June 1995, it was equally obvious that they had both engaged in CIA activities.

The same was done with other CIA proprietaries and assets. Calls were made to Southern Air Transport (SAT) headquarters in Miami, during which he talked CIA business with a key management person whom he had known for the past 12 years. It was obvious they knew each other and had worked for the CIA. Other secret conference calls were made to other CIA proprietaries and to present and former CIA assets, each of which discussed prior or present CIA activities. Similar calls were made to other CIA assets with whom Crittenden was familiar.

Phone Contacts with China’s Chung Family

Several calls were made to the Los Angeles representatives of China’s powerful Michael Chung family with whom Crittenden’s CIA airlines did considerable drug hauling in the past. Crittenden described how the Chung family flew drugs from China to Hong Kong, and then his C-123s would fly the drugs to Clark Air Force Base near Manila, where Southern Air Transport’s long-range aircraft would fly the drugs into the United States.

During the phone calls that I listened to, Crittenden was dealing with representatives of the Chung family in Los Angeles, who were seeking to have Crittenden obtain for them a fleet of Boeing 727 aircraft to start an airline in China. One of the loads that would be carried by the airline would be drugs. During a series of telephone conversations, Crittenden arranged for a Cesar Resurreccion to inspect 727s in Tucson at Hamilton Aircraft Sales.
The Same Chung Family Bribing Clinton and Democratic Party
Several years later, Johnny Chung was implicated in funding large amounts of political campaign funds to President Clinton and the Democratic Party, which many people claimed was bribe money.

Describing a Crittenden Air Transport Subsidiary
Crittenden described another subsidiary of Crittenden Air Transport, Saarkes Air Cargo, based in Abai Dabai, whose main cargo was drugs. The CIA furnished the proprietary with three Boeing 707s, which were used to fly drugs to Bangkok, Shanghai, Miami, and Mena Airport in Arkansas. Even though Saarkes was listed as a Crittenden Air Transport subsidiary, Crittenden, who was the titular head of the airline, had no control over it. (Russbacher had told me years earlier about this covert CIA airline.)

During various telephone conversations, Crittenden stated names of people with whom he had contact. These included Captain Jack, the alias for the CIA pilot flying for Rowan Drilling out of Houston, and who was reportedly a SR-71 pilot for the CIA. Crittenden said his real name was Sonny Knoles.

CIA Smuggling Guns to the IRA
Crittenden told me of a 1988 C-130 flight to Ireland carrying CIA arms and a stinger missile for the Irish Republican Army. The flight originated at Fort Hood and then flew to Dublin, where it cleared Customs. The C-130 then took off and landed in a field south of Dublin, where the arms were off-loaded.

During one of several phone calls I made connecting Crittenden to a secret IRA location in Ireland, we had a prisoner, Michael Martin, place a call to the IRA location (which was in a bar in Ireland).

A special security code was used to get the phone operator to connect to the secret IRA location. When the call was over, Crittenden asked me what I thought. I said that I couldn’t understand a single word Martin or the person in Ireland said because of their heavy Irish brogue. (At that time, Crittenden was in prison. An interesting story as to how he was released, following my filing of an amicus brief in court, is found in the third or later edition of Defrauding America.)

Martin had introduced himself to Crittenden while at the federal prison at Phoenix, asking if he was Stephen Crittenden. Martin had helped in the unloading of the arms in Southern Ireland on the flight flown to Ireland.

Crittenden explained that the Evergreen Shipping Lines based in Taiwan was part of the Evergreen Group, which included the CIA’s Evergreen International Airlines. He described people who worked with him, including Robert Newbould, who was chief pilot for Crittenden Air Transport and after its shutdown, flew for Rowan Drilling out of Houston, Texas.

Crittenden Described Some of the People He Dealt With
Crittenden named people and businesses with whom he worked and their drug activities. Activities, most of whom I’ve left unnamed in this book. He described his friendship, through the CIA, with various drug cartel people, including Hernando Villarell, Cardehana, Colombia. Crittenden described his Mafia contacts made through the CIA, especially in the St. Louis area. When I asked what the CIA did for the Mafia, he said, “We haul weapons and drugs to them.” He described being given by the CIA the names of judges and Mafia people,
especially in Missouri and Illinois, to contact if he encountered trouble. He gave me the names and phone numbers of many Italian and Mexican Mafia people who worked routinely with the CIA, including assassins that did sanctions (murders) for the Agency.

**Checking His Credibility**

I checked Crittenden’s credibility in several ways. I had already been advised by other deep-cover people of the existence of Crittenden Air Transport. I had listened to telephone conversations that I placed to known CIA proprietaries. I quizzed Crittenden repeatedly about minute details of his operations, the aircraft specifications, the type of navigation systems installed on the aircraft, and other specifics that covered intricate areas of CIA activities during the 15 years that Crittenden operated the CIA proprietaries.

No one could have been so well informed, and so quick with the answers, if that person hadn’t been directly involved. When Crittenden didn’t know about a particular area that I asked, and which he had no reason to have known, he quickly admitted it, rather than fabricate, which could have easily been done. I had Crittenden’s address book containing the names and phone numbers of his many contacts, including drug kingpins with whom he and the CIA did business. More is stated about Crittenden in the third edition of *Defrauding America*.

One of Crittenden Air Transport C-130 aircraft
Bill of Sale from Lockheed to Crittenden Air Transport for the sale of a military C-130. The original copy, in my possession, is recopied here for easier viewing:

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**CERTIFICATE OF TRANSFER**

Lockheed/USAF ("Seller"), Tucson, Arizona, does hereby sell, assign and transfer to Crittenden Air Transport ("Buyer"), of 625-627 Pra Sumain Road, Bangkok, Thailand, 10200, the following property:

PROPERTY: Lockheed C-130 H/J
IDENTIFICATION NUMBER: 4288

The Seller warrants that the property is being transferred to the Buyer is under U.S. Department of Defense restriction and may not be sold and/or transferred outside of the United States without prior approval of the Secretary of Defense.

The above property is sold on an “AS IS” basis. The Seller makes no warranties, express or implied (except as specifically stated above).

This transfer is effective as of August 9, 1980.

The property is now located at Davis-Motham A.F.B., Tucson, Arizona, and all of such property is in the possession of the Seller.

Lockheed/USAF
By: Lockheed/USAF Gen. Wayman Nutt

Crittenden Air Transport:
By: C.E.O. Stephen Crittenden

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Several of Crittenden’s C-130 Aircraft
CHAPTER FIVE

DOJ-Protected Drug Smugglers & Terrorists

This chapter focuses on Dominican drug cartels along the northeastern seaboard of the United States, the drug-money funding of U.S. political parties and terrorists, and examples of Justice Department personnel protecting them, and Justice Department personnel retaliating against government agents investigating these activities. In one instance, Justice Department personnel enabled terrorists in New Jersey to bomb the World Trade Center in 1993. Ironically, as described in great detail in two of my other books, Defrauding America and Terrorism Against America, I show how Justice Department personnel repeatedly blocked my exposure of corruption that enabled the success of 19 hijackers on September 11, 2001.

Much of the material for this chapter came from insiders in the U.S. Immigration and Naturalization Service (INS), the DEA, the Pennsylvania attorney general’s office, and other law enforcement groups in the New York area.

Shutting Down the Investigation that Enabled Jersey City Terrorists to Bomb World Trade Center in 1993

INS agent Joseph Occhipinti was a key figure in fighting drug traffickers and drug cartels. He spent over 20 years with the U.S. Immigration and Naturalization Service, primarily in drug-related investigations. During that time he earned over 70 commendations and awards, including three from the U.S. Attorney General. Because of his outstanding work, he was promoted to chief of the Anti-Smuggling unit for the New York City area, and in that position he gained considerable knowledge about the operation of Dominican crime groups operating in the northeastern section of the United States.

As Occhipinti brought about the arrest of many politically connected drug traffickers, politicians and Justice Department personnel blocked further investigations and prosecutions. In addition, all three groups retaliated against him and brought an end to his long and outstanding government career.

Project Intercept

One of several multi-agency task forces Occhipinti coordinated was the 1987 operation called Project Intercept, and included personnel from the Drug Enforcement Administration (DEA), Port Authority Police Department (PAPD), and the Immigration and Naturalization Service (INS). The purpose of bringing agents from the various agencies into one group was to coordinate their investigations, evidence, and prosecution of criminal activities.
That operation was credited with identifying how Dominican drug lords and other ethnic organized crime groups were involved in drug trafficking, money laundering, and alien smuggling activities at major New York airports. It had a high arrest and conviction rate for drug traffickers and was so successful that Project Intercept became the subject of congressional hearings.

It was so successful that, after the politically powerful Dominicans and drug traffickers complained, the INS District Director terminated it within a year of its startup. Occhipinti was then ordered to concentrate instead upon filing reports against employers who hired illegal aliens. This group did not have the political clout of the drug traffickers.

**Project Resurrect**

Starting in 1988, Occhipinti coordinated another multi-agency undercover operation called Project Resurrect, which involved agents from the New York City District Attorney’s office, Postal Inspection Service, and the U.S. Department of State. This project resulted in the successful prosecution and conviction of over two dozen Dominican organized crime figures.

The project exposed the role of a group known as the Federation of Dominican Merchants and Industrialists of New York, otherwise known as the Federation. This group operated bodegas, money transfer businesses, travel agencies, boutiques, loan companies, and an assortment of other businesses. (Bodegas is the term used by people in the Spanish community for grocery stores.) One of the people arrested and convicted was a key member of the federation, Executive Board member Martha Lozano.

**Discovering Theft Ring at JFK Airport**

One of Occhipinti’s investigations focused on a high-level smuggling operation at New York’s John F. Kennedy Airport. Due to a shortage of government agents, the Immigration and Naturalization Service hired private agencies to carry out some of its routine tasks. Wells Fargo was one of the companies hired, being responsible for placing illegal aliens, caught by INS agents, on board aircraft to be sent back to their country of origin. The company engaged in a “shell game” that protected illegal immigrants from being deported.

Certain employees of Wells Fargo developed a profitable scheme. When an illegal alien was arrested, his or her relatives would be contacted, and for a price, an impostor would replace the illegal alien. The impostor, who was legally in the United States, would be placed on board the aircraft and flown out of the United States. He or she would then fly back as a legal or documented alien. The illegal alien would meld into the community and remain in the United States.

**Operation Red Eye**

In 1989, Occhipinti was involved in another multi-agency task force called Operation Red Eye. It was composed of agents from the DEA, Port Authority, Amtrak Police Department, and INS, whose goal was to interdict at major New York City transportation centers illegal aliens smuggled into the United States via Mexico and the Canadian border.

The project was very successful in apprehending illegal alien drug couriers employed by the Dominican drug cartels and other ethnic crime groups. The operation was shut down when the U.S. Attorney’s office in New York (SDNY)
complained that the interdiction stops were based on racial profiling.

Of course, if Dominican crime groups were using Dominicans in large numbers to smuggle drugs into the United States, it would be somewhat ludicrous not to focus on Dominicans. That charge would be like complaining about focusing on Colombians coming out of high drug trafficking areas in Colombia when they constituted the primary people engaged in the illegal activities.

Over a period of time, Occhipinti felt that people in the U.S. Attorney’s office were sabotaging the multi-agency task force, preventing it from carrying out its government responsibilities, and enabling large quantities of drugs to enter the United States.

**Investigating Drug-Related Murder Exposed Other Crimes**

The murders (October 18, 1988) of two NYPD officers, Michael Buczek and Christopher Hoban, in the Washington Heights section of New York City caused the police department to ask for Occhipinti’s assistance because of his expertise in Dominican organized crime activities. (Washington Heights had turned into a major Dominican neighborhood, where Dominican organized crime groups base many of their operations, and which has one of the highest homicide records. When I was growing up many years ago on the New Jersey side of the Hudson River across from Washington Heights, it was considered a desirable middle-class neighborhood with predominantly Jewish residents.) As a result of this investigation, the murderer was reportedly Dominican drug lord Daniel Mirabeaux.

During this investigation, Occhipinti discovered a major Dominican drug operation controlled by Freddy Antonio Then, who established training camps in the Dominican Republic teaching people how to traffic in drugs. He reportedly smuggled these people illegally into the United States from Mexico. Then arranged for these smuggled aliens to be married to a U.S. citizen and thereby obtain permanent resident status with the arranged marriage.

Occhipinti learned that Then was buying local grocery stores, bodegas, which were often used for various illegal activities, such as drug trafficking and drug money laundering. Occhipinti arrested Then several times on various charges, including illegal gun possession. Then’s prominence in the Dominican population and as a key member of the Federation would shortly be used against Occhipinti.

**Project Bodega**

Another multi-agency task force, in which Occhipinti was involved, in 1989, was called Project Bodega, and composed of agents from the DEA, Customs service, FBI, New York Police Department, Manhattan District Attorney’s office, and INS. It investigated activities at the many bodegas in the New York City area where certain known criminal activities were prevalent.

**Manhattan District Attorney Supported the Task Force**

Because of its successful discovery of criminal activities, the Manhattan District Attorney’s office was so pleased with the group’s work that it assigned several of its prosecutors, including John F. Kennedy, Jr., full time to prosecute the cases that were generated.
The task force discovered a widespread pattern of criminal activities involving Middle East and Dominican groups in the New York-New Jersey area, some of them associated with bodega grocery stores operated mostly by Dominicans, Cubans, and Middle East people. In the New York-New Jersey area, bodegas were often a front for unlawful activities. During consensual searches of bodegas, the task force discovered evidence of drug trafficking, drug money laundering, food stamp fraud, food coupon fraud, loan sharking, and smuggling of illegal aliens.

Involvement of CIA-Front Company: Sea Crest Trading Company

Investigators discovered that many bodega activities involved Sea Crest Trading Company, incorporated in Connecticut, with its main office in Greenwich, and another office in New York City. Closely tied in with Sea Crest was Capital National Bank in New York. Involved in the Sea Crest group were CIA operatives from the Cuban Bay of Pigs fiasco. Sea Crest started operations in 1984, and during the 1980s and 1990s was extensively used by the CIA in various activities.

Years earlier, several of my CIA sources, primarily Gunther Russbacher, described Sea Crest and Capital National Bank as CIA-front companies and recipients of DOJ protections. The president of Capital National Bank, Carlos Cordoba, a Cuban national, was convicted in 1992 of bank fraud. Despite the importance of the offense, he received only a token probation sentence—which would be routine if the bank was in fact a front for the CIA.

A confidential source in the New York Police Department (NYPD) Special Investigations Unit reportedly uncovered evidence of arson and other criminal activities by Sea Crest, and that Sea Crest had key political connections that were protecting it against prosecution. As with other city, state and federal agents, he was intimidated and harassed by higher-ups. During the investigation, he discovered a conflict of interest between attorney Christopher Lynn, a member of the NYPD Civilian Complaint Review Board and his defense of those involved in Sea Crest’s illicit activities. The confidential source reported the disappearance of critical evidence on Sea Crest’s drug activities.

An affidavit, executed on March 1, 1994, by Domingo Antonio Lovera, described the growth of Sea Crest over the years in usurious loans, using Dominicans and Cubans to obtain and collect loans from bodega operators. Lovera described how Sea Crest used Capital National Bank to launder the money obtained from various illegal operations. Investigations showed that this CIA-front company made a practice of putting Dominicans into bodegas and then forcing them into various unlawful activities. Because of the high-interest and usurious loans (permitted where Sea Crest was incorporated Connecticut), and high monthly payments, bodega operators found they had to engage in criminal activities to keep from losing their businesses.

Sea Crest and Bodegas in Connecticut

In a two-part series (August 1998), the Hartford Courant described the activities of Sea Crest Trading Company, the Dominican-run bodegas, and various criminal activities. The article described drug dealers ducking into bodegas immediately after making drug sales and giving the cash to the bodega operators, and drugs being purchased from the operators. Quoting Hartford police
Detective Robert Lawlor. “The bodegas provided a meeting place and the cover of a legitimate business. It hasn’t reached the point here that it has in New York, but it’s only a matter of time.”

The newspaper made reference to a 1997 classified report by the U.S. Department of Justice on Dominican drug trafficking and said dealers “move proceeds by disguising them in the financial records of travel agencies, boutiques, grocery stores and other Dominican-run businesses.” Despite the Justice Department’s knowledge of Sea Crest’s activities, the CIA-connected company appeared to have a get-out-of-jail card that kept them from being prosecuted.

**Dominican Revolutionary Party (PRD)**

According to an article in Puerto Rico’s *El Vocero* newspaper, Dominican Revolutionary Party (PRD) members, including Simon Diaz and Pablo Espinal, contributed money to President Clinton’s reelection campaign during a fundraiser at Coogan’s Irish Pub in New York’s Washington Heights. The article stated that this drug-tainted money was linked to the Dominican Revolutionary party. Vice President Al Gore posed for pictures with Diaz and Espinal. The article identified Simon Diaz as vice president of a New York City chapter of the PRD and that he was currently under investigation by the Drug Enforcement Administration (DEA) and anti-narcotic agencies concerning PRD’s “alleged nexus with international drug cartels.”

**Private Investigator Uncovers Similar Criminal Activities**

A concurrent investigation by a private investigator uncovered considerable evidence of criminal activities at bodegas that the multi-agency task forces were discovering, especially as it related to food coupon fraud. Private investigator Ben Jacobsen, a retired New York detective, was working as chief investigator for the A.C. Nielsen Corporation, which administered the food coupon program for many large companies selling to grocery stores. Corporations estimated that they were losing over $200 million a year in fraudulent coupon redemptions.

Jacobsen’s investigation uncovered canceled checks and other evidence showing Sea Crest Trading Company and one of its associate companies, Control Book Keeping, to be behind this practice.

The food coupon fraud worked like this: People involved in the fraud brought into a central location newspapers and magazines containing food coupons that were intended to be used to purchase a particular food item. The coupons were clipped, put into a barrel or some other device that dirtied them to look like Customers had handled them. The coupons were then distributed to different bodegas that then sent them to coupon redemption centers. When the checks were sent to the grocers for these coupons, the checks were either endorsed over to Sea Crest Trading Company or cashed, and the money sent to Sea Crest. Sea Crest reportedly was at the center of this scam.

**FBI Cover-Up**

FBI Special Agent Lionel Baron of the FBI’s New York City terrorist unit obtained from Ben Jacobsen the names of his informants with the expressed intention of infiltrating Sea Crest. Despite receiving considerable evidence showing the criminal activities *did* exist, Baron and the FBI never went forward with any prosecution.
Lying By FBI Agents

When *New York Post* reporter Al Guart requested access to Baron’s investigative notes under the Freedom of Information Act, the FBI replied there were no notes and no investigation. This false statement by the FBI was made despite the fact that Baron had interviewed a number of witnesses, including Cesar Cabral, Hector Rodriguez, Alma Camarana, Peter Navaro, Luis Rodriguez, and Detective Raul Anglada, proving that an investigation had been made. Rodriguez had even given a sworn affidavit to the FBI relating to a usurious loan from Sea Crest. Guart discovered many of the alias corporations used by Sea Crest.

Investigation of Sea Crest Blocked at State and Federal Levels

GUART’s continuing investigation into Sea Crest’s activities, including interviews with law enforcement agents, confirmed to him that in every case, investigations and prosecutions were blocked by high-level state and federal personnel. This is further evidence of DOJ obstruction of justice when criminal activities involving the CIA or other covert agency, and covert illegal operation, is involved. In every one of my books, I give details of how state personnel, law enforcement and judicial, routinely cooperate with federal DOJ personnel to block investigations of highly sensitive, and usually corrupt, activities by federal agencies. And this includes state and local “law-enforcement” and judicial personnel in retaliating against anyone threatening to expose these activities.

GUART interviewed Bronx Borough President Fernando Ferier regarding Sea Crest’s operations in the Bronx with the intent of getting the Bronx District Attorney to investigate the company. Ferier denied knowing anything about Sea Crest, but said he would set up an appointment with the Bronx District Attorney. When Guart conducted a Lexus check, he discovered a *New York Times* article (August 13, 1993) in which Ferier assisted Sea Crest in procuring a special ordinance to rebuild their building that had mysteriously burned in the Bronx. In the article, Ferier was quoted as referring to the president of Sea Crest, Mr. Berkovitz, as “my good friend Bernie.”

*New York Post* Cover-up of Covert Criminal Activities

GUART prepared four news articles on Sea Crest which were to be published, but weren’t. His editor told Guart that they were afraid to publish the articles. Earlier, when the *New York Post* ran a series of articles, “The Framing of a Cop,” which made reference to bodegas and Sea Crest, the newspaper received bomb threats and threats from the Dominican Federation that they would boycott the *New York Post* in the Washington Heights section of New York.

A DEA report (October 16, 1992) provided by Occhipinti alleged that Sea Crest was reportedly responsible for over $500 million in money laundering operations from the Washington Heights section of New York City.

The Federation

The multi-agency task force discovered that members of the Federation were frequently involved in criminal activities, that major drug groups were using the federation businesses as fronts, and that the Federation’s influence extended into political offices, including New York City Mayor David Dinkins. The Federation started putting pressure on political figures, seeking to disband
the task forces led by Occhipinti.

**Customs Investigation Halted by CIA Pressure**

A confidential source in the New York Police Department Intelligence Unit knew about the Dominican Federation’s involvement in criminal activities following a prior joint investigation with U.S. Customs (Customs Case # NY 02AR8NY003). Targets in that investigation included Pedro Allegria and Federation Vice President Erasmo Taveras who had been indicted in 1989 and later convicted of a $70 million money laundering and loan sharking scheme. According to the confidential source, the CIA ordered Customs to drop the pending indictments against several of the Dominican drug traffickers, who then continued to engage in money laundering activities—with the protection of the DOJ—despite evidence presented to the U.S. Attorney by Staten Island Borough President Guy Molinari in 1992.

**Bergen County Investigation Halted**

Under-sheriff Jay Albert of the Bergen County, New Jersey, Sheriff Department authorized a criminal investigation into Sea Crest and the Federation’s infiltration into that county. The investigation was turned over to detectives Juan Lopez and Wayne Yahn, who gathered evidence substantiating the involvement of Sea Crest and the Federation. Their investigation was terminated on the basis of an alleged jurisdictional dispute with the Bergen County prosecutor’s office.

**Project Esquire: Investigating U.S. Attorney’s Office**

During the Project Bodega investigations the group discovered from a police informant, Alma Camerena, that a former assistant U.S. Attorney and his law partner were allegedly part of Then’s drug cartel operations and also involved in political corruption. According to Camerena, the former U.S. attorney was attending sex and drug parties with his former colleagues in the U.S. Attorney’s office and receiving favored treatment in criminal cases involving his clients. Occhipinti said, “I found the allegations to be credible for a variety of reasons.”

Occhipinti reported these allegations to Assistant U.S. Attorney David Lawrence, who was the Deputy Chief of the Criminal Division, with whom Occhipinti had previously worked. Lawrence then arranged to debrief Camerena. After questioning Camerena, and determining that the charges were true, showing depravity in the U.S. Attorney’s office, instead of addressing the matter, Project Esquire was terminated.

**Search of Dominican Bodegas**

Occhipinti’s task force had multiple investigations going simultaneously. Focusing on the criminal activities in the bodegas, the task force sought additional court-admissible evidence by conducting consensual searches of several dozen bodegas in the Washington Heights section of New York during the last half of 1989 and early 1990. In conducting consensual searches, the owner or operator is asked to sign a consent form agreeing to have their properties searched. Otherwise, a search warrant must be obtained.

In one search of the Then’s Brothers Grocery Store, the task force discovered $131,000 in cash bundles destined for Sea Crest. This money was later judicially forfeited as drug proceeds by the U.S. District Court in Manhattan. In another bodega owned by Richard Knipping in the Bronx, the task force dis-
covered hundreds of newly issued government food stamp books for which Knipping could provide no explanation. These seizures and related criminal charges started major retaliation efforts against Occhipinti by various members of the Federation, Dominican criminal cartels, the black Mayor, David Dinkins, and the U.S. Attorney’s office in New York City.

**Drug Traffickers and Immigrants Reacted with Demonstrations**

The politically powerful Dominican drug traffickers, the Federation, and Mayor David Dinkins orchestrated demonstrations against Occhipinti in the drug-infested Washington Heights area of Manhattan. Rather than support the head of the multi-agency task force, Project Bodega was terminated, despite the heavy concentration of drug and other criminal activities discovered during the bodega searches. Drug trafficking then escalated.

**Using Clinton’s Tactics—Blaming the Republicans**

Mayor Dinkins issued a statement claiming the search of the bodegas was a “Republican Conspiracy” intended to sabotage the 1990 census and intimidate immigrant voters from going to the polls. Dinkins was referring to the large numbers of illegal aliens in the area, many of whom voted for him in the prior election that resulted in the slim majority that won him the election.

What Dinkins was probably afraid of was that the increased police activities would keep illegal aliens from the voting booths where he had a large following in the Dominican community. Dominicans constitute a large voting block in the New York and other urban areas in the Northeast. Figures indicate there were over half a million Dominicans in New York City alone, and that they will outnumber all other Hispanic groups within a few years. Dinkins had been receiving large contributions from the Federation and the Dominican crime figures, being another reason for wanting to shut down the investigation of criminal activities involving mostly Dominicans.

**Consensual Searches Violated Their Civil Rights?**

The Federation, the immigrants, the drug traffickers, and Mayor Dinkins claimed that the searches violated the civil rights of the bodega operators, and focused their charges against Occhipinti, even though he was only one member of the task force. It was necessary to focus the attacks on one individual in order for the protest to succeed. The group pressured the U.S. Attorney to file criminal charges against Occhipinti for violating their civil rights. This had never been done before against a government agent on the basis of an alleged technical violation. The group charged Occhipinti with violating their civil rights on the basis of the consensual searches—despite the fact that the bodega operators had signed consent forms before the search.

Several members of the multi-agency task force told the U.S. attorney that there were no violations of anyone’s civil rights during the task force’s search of the bodegas. IRS Special Agent Ronald Nowicki was present during the search of Knipping’s bodega and stated there were no violations of search procedures. DEA Agent John Dowd was also present during the search of Knipping’s bodega and stated that the search was legal. But this wasn’t what the DOJ prosecutors wanted to hear.

**Reporting Threats Against Occhipinti to U.S. Attorney**
Alma Camarena, the legal secretary in the law offices of former AUSA Jorge Guttlein, and Andres Aranda, overheard the attorneys discussing ways to eliminate the threat that Occhipinti posed to their Dominican and drug trafficking clients. Upon hearing these threats, Camarena went to the U.S. Attorney’s office to report what she heard, and was interviewed by Assistant U.S. Attorney Jeh Johnson. “Mr. Aranda told Mr. Guttlein that he would like to have Mr. Occhipinti eliminated.” Camarena said, adding that Guttlein didn’t like that idea and said he would think up another plan.

After she gave this information to the U.S. Attorney’s office, Johnson, or someone else in the U.S. Attorney’s office, gave this confidential information, and the name of the confidential witness, to Camarena’s boss who was the target of the charges!

**U.S. Attorney Protecting Drug Cartels**

Instead of protecting a respected government agent, the U.S. Attorney filed criminal charges against Occhipinti. These charges were based upon the perjured statements of the bodega operators—most of who were engaging in criminal activities and who were continuing their unlawful activities—to justify obtaining an indictment against Occhipinti from a grand jury.

The indictment charged Occhipinti with failure to obtain written consent of the bodega operators before searching the premises. (He relied on their verbal consent.) Also, that he kept money seized by the task force group (During trial, the jury held him not guilty of that charge, and at a later date some of the bodega operators who made that charge admitted that they lied.)

This was the same U.S. Attorney’s office that had been covering up for the criminal activities that Occhipinti and his task force had been exposing. It was the same office that had covered up for the CIA-Mafia drug trafficking reported by one of their own agents, Richard Taus, during this same time period, which is described in other pages.

**Peculiar Comparisons**

Compare these civil rights “violations” with the common practice of DEA and ATF agents breaking down the doors to peoples’ homes, throwing the residents to the floor, shoving loaded pistols in their faces, and occasionally shooting and killing innocent people. These agents have the full support of the Department of Justice and federal judges. There was a difference; Occhipinti was exposing powerful drug traffickers, who had connections with CIA operations, and who had political connections.

**Usual Withholding of Exculpatory Evidence by DOJ Prosecutors**

Transcripts of the grand jury proceedings showed DOJ witnesses lying when they testified they did not have prior criminal records. DOJ prosecutors withheld this perjury from the grand jury members and from the defense during the jury trial. Also withheld from the grand jury and trial jury was the fact that the task force had discovered contraband and illegal activity at each of the locations that they searched.

**Black Activist Federal Judge with Strong Ties to Democratic Mayor Dinkins and the Federation**

Selected to be the judge for Occhipinti’s trial was U.S. District Judge Constance Baker Motley, the first black woman appointed to the federal bench and
who had a radical and biased reputation. Federal court procedures require assignment of judges to a particular criminal trial be done on a normal rotation process, and is normally done by the court clerk. Judge Motley was pre-selected instead of chosen at random. Occhipinti said U.S. Attorney Jeh Johnson’s face reflected joy and he gave a “thumbs-up” sign when Judge Motley’s name was announced as being the trial judge.

Motley had close political ties to black mayor of New York City, David Dinkins. She was a protégé of Raymond Jones, a powerful black leader of Tammany Hall who was also an associate of David Dinkins in the Harlem Carver Democratic Club.

**A Mafia Don Would Have Been Pleased With This Lineup**

A *New American* article (February 21, 1994) stated that during Motley’s Senate confirmation hearings, evidence was presented showing Motley to be an ardent Young Communist League organizer who established student cells at New York University. The records showed that Constance Baker, her maiden name, was training for the Red Underground. Despite this record, Senator Edward Kennedy nominated Motley to become America’s first black female federal judge, and other senators, wanting to get as many of the black votes as possible, quickly endorsed her.

The prosecutor, Jeh Johnson, was a former law clerk for the judge, and it was said that he was her “Godson.” The article raised another problem that should have been the basis for changes in the trial setting:

*There was bad blood between [Johnson] and Occhipinti as a result of the Project Esquire investigation or corruption within [Johnson’s] office. Further, some of Johnson’s associates alleged that he had boasted that an Occhipinti conviction would land him a high-paying private sector job—a prediction that has been fulfilled. Today, Johnson’s office walls at the prestigious New York law firm of Paul, Weiss, Rifkin, Wharton and Garrison are adorned with artists’ renderings of the Occhipinti trial, which Johnson regards as “trophies.”*

**Record of Overturned Decisions**

Judge Motley had more decisions overturned on appeal than any other judge in that circuit, indicating she was either legally ignorant, contemptuous of the law, or rendering decisions based on personal interests or money under the table.

**Pre-Trial Problems for Occhipinti**

Making matters worse for Occhipinti, his attorney, Norman Mordkofsky, was suffering a nervous breakdown. The heavy media publicity and street demonstrations, and the loss of his legal practice, caused Occhipinti’s trial attorney to suffer severe stress before the trial, causing Occhipinti to seek substitution with another legal counsel. The attorney explained his serious problems to Judge Motley and filed a motion to be excused so that Occhipinti could obtain another attorney. Judge Motley denied the request, calling the attorney a liar. Occhipinti ended up with incompetent legal representation.

A week earlier, New York Supreme Court Judge Anthony Scarpino removed Mordkofsky from a murder case because of his bizarre behavior. The judge publicly admitted that there was no question that Mordkofsky was suffer-
ing some kind of psychological problem. After Occhipinti’s trial, the attorney was admitted to the hospital for psychiatric care.

In one letter to me, Occhipinti wrote:

*During my trial, he talked about committing suicide on several occasions. Judge Motley demanded that he go to trial. On the trial records, Mordkofsky demonstrates before the jury bizarre behavior as well as his failure to call very much needed defense witnesses or go through the counts of the indictment. It was also determined that his breakdown was attributed to the termination of his law practice.*

His two partners were criminal defense lawyers who represented many Dominican organized crime figures I was investigating, including some of Freddy Then’s drug associates. Clearly, I had won several crucial criminal cases which made Mordkofsky’s two partners look bad. Another important fact I later learned that Mordkofsky’s next-door neighbor was an attorney who incorporated many of the Dominican Bodegas with suspected ties to the Federation and Sea Crest. In fact, it was this very same attorney who represented the Then Brothers grocery store on the $131,000 forfeiture case. I truly believe that there was immense pressure on Mordkofsky, which resulted in his nervous breakdown. There are medical and hospitalization records to document this breakdown.

The Manhattan District Attorney’s office, which provided the staff for the multi-agency task force, included three Assistant District Attorneys and a team of investigators. They wanted to testify on my behalf. They knew the project was lawful and had proper predication. In fact, Ann Rudman, chief of the Asset Forfeiture Program, tried to convince INS not to close down the project.

Yet, these District Attorney officials never came forward. According to Jacobson and others, the Manhattan District Attorney’s office was threatened by SDNY prosecutors that if they came to my aid, they might subject themselves to federal prosecution since they jointly worked on the task force with me.

Also, in the documented setup of another NYPD police officer, Louis Dellapizzi, on fabricated civil rights charges, Attorney Andres Aranda was never indicted for the setup because of reported influence by SDNY prosecutors. If Aranda had been indicted, many suspect that as part of a plea-bargain deal, he would have confirmed my setup and exposed the official corruption at the US Attorney’s office.

**Typical Judicial Chicanery**

During the trial, Judge Motley refused to allow the defense to introduce information about the criminal background of the Dominicans witnesses who claimed Occhipinti violated their civil rights, despite the fact that this information was relevant to assess the witnesses’ credibility. Motley made numerous rulings that kept any information about CIA and criminal activities from being heard by the jurors.

**DOJ Withholding Exculpatory Evidence**

Most of the bodega operators who filed civil rights complaints against Occhipinti had prior criminal records, and continued to be charged with criminal
violations after the trial had ended. This information was known to the prosecutor who unlawfully withheld the information throughout the trial proceedings. Federal law requires that the prosecutor provides the defense with all exculpatory evidence known to the prosecutor; this requirement is routinely violated by the Justice Department attorneys, who never suffer any retaliation for it.

**Prosecutorial Deception**

There were numerous prosecutorial errors before and during trial, all intended to insure that the jury decide Occhipinti guilty. To obtain the indictment from the federal grand jury, U.S. attorney Johnson withheld exculpatory evidence and made inflammatory statements against Occhipinti. The prosecutor threatened and intimidated witnesses who would be testifying in Occhipinti’s defense. One official with the NYPD admitted to Jacobsen that NYPD officers involved in Project Bodega were being threatened with indictment if they came to Occhipinti’s defense.

**Outraged Attorney Files Court Affidavit**

During the trial, attorney Angel Nunez, who had been observing the proceedings and becoming outraged by the prosecutorial and judicial misconduct, submitted an affidavit into court records detailing the numerous trial irregularities. Nunez interviewed those who filed the complaint against Occhipinti, and in 55 undercover taped conversations they admitted the searches were legal in their estimation, contradicting their grand jury and trial testimony.

Nunez tried to submit an affidavit into the trial relating to these findings, showing a conspiracy against Occhipinti and the witnesses lying. Judge Motley refused to allow the affidavit admitted into the trial. When Nunez tried to admit the tapes and transcripts into the hearing, she again refused, compounding her refusal by seizing the tapes, preventing them from being used elsewhere. When the judge heard that Occhipinti reported these irregularities to the media, she put a “gag order” on Occhipinti, preventing him from speaking out, surely an unconstitutional order.

**Guilty, Said the Jury**

The jurors, from a heavy drug-trafficking area that Occhipinti’s group had targeted, handed down a guilty verdict against Occhipinti on June 12, 1992, on the charge of conspiracy to violate the civil rights of the bodega operators.

**First Law Enforcement Officer Sentenced To Prison for Alleged Technical Error**

Never before in American history had a federal law enforcement officer been criminally prosecuted in a case where there was no violence involved and where the officer had done a routine consensual search, and merely involved an “alleged” technical violation. Even if, for argument, Occhipinti, a key agent in U.S. Customs, had actually violated some technical search procedure that would not subject the officer to prison. Instead, the evidence obtained in a faulty manner would be excluded and administrative action possibly taken against the officer. It had always been, and still is, government policy to conduct an administrative hearing, and certainly not file criminal charges. The FBI never conducted any hearing. The question is, why did the Department of Justice file the sham charges?

**Ending a Successful Drug-Fighting Career**
Judge Motley sentenced Occhipinti to 37 months in a maximum-security prison where Occhipinti would be surrounded by convicted drug dealers that he helped put in prison. This same tactic was used to eliminate other witnesses against government corruption. Read on.

**Justice Department Retaliating Against FBI Supervisor**

FBI Special Agent in Charge (SAC) of the New York office, Jim Fox, had replied to media questions, stating the FBI had evidence showing Occhipinti was innocent of the charges and that the government was withholding the evidence. In retaliation, the FBI suspended him—two months prior to his planned retirement.

Occhipinti filed a motion for a new trial, based upon Fox’s statements, but Judge Motley denied the motion. Fox died of cancer in 1998.

**Fallout From Justice Department’s Conduct**

There were several expected consequences to the Justice Department’s charges against Occhipinti:

- Government agents were put on notice not to go after politically connected criminal elements in the Dominican community.
- Caused other government agents to ignore politically connected criminal activities.
- Established an “acceptable” procedure for retaliating against government agents who threaten politically connected criminals.
- Emboldened larger and well-connected drug traffickers to continue or escalate their criminal activities, knowing they would be protected by DOJ personnel. Small-time drug traffickers, with no political or CIA connections, would receive DOJ attention.
- Made possible continued crimes, some of it violent, against Americans and against America.

**Another of Many DOJ Contributions to Increased Crime Activities**

A 1993 report by the president of the New Jersey Police Benevolent Association said that in the year before Occhipinti’s conviction the local Drug Enforcement Agency conducted 2,700 investigations, and that the year after Occhipinti’s conviction, that number dropped to 500. The reason given was that agents feared being sent to prison for carrying out their drug investigations.

The president of the New York-New Jersey Port Authority Police Union said that their officers had ceased all consensual searches and drug interdiction activities in the ports of New York and New Jersey, out of fear of being charged with civil rights violations (of politically-connected criminal groups).

Sgt. Lenny Lemer of the NYPD-DEA drug task force gave testimony to Congress revealing that during a 1992 criminal investigation they discovered at Sea Crest evidence of the conspiracy against Occhipinti. The U.S. Attorney’s office in New York ordered Lemer to remain silent about this information, giving the sham excuse that there was an ongoing investigation. The Justice Department prosecutors chose to use the obviously biased statements from major drug traffickers over the statements of any of the government agents.

**Appeal Process on Heels of Watts Riots and Local Demonstrations**

With a new attorney, Stephen Frankel, Occhipinti appealed his conviction. Oral arguments were scheduled (June 1992) at the Second Circuit Court of Ap-
peals. The appeal was based on ineffective assistance of counsel, prosecutorial misconduct, and judicial errors. The appeal brief and appendix exceeded 750 pages.

Trying to intimidate the judges, the Dominican Federation staged a noisy demonstration in front of the courthouse. The noisy group carried warning signs warning of riots in Washington Heights if Occhipinti’s trial decision was overturned, and then packed an overflowing courtroom where oral arguments were to be heard.

Apparently intimidated, and fearing a Watts-type riot, the judges suddenly refused to allow oral argument, despite the fact that was the reason for the hearing. Normally, an appellate court takes weeks or even months before it issues a decision after an oral hearing, taking time to digest the written and oral arguments. In Occhipinti’s case, the decision was rendered within one hour of the “hearing,” apparently to placate the near riots of Dominican immigrants, drug traffickers and bodega operators.

Risks in Prison

His appeal rejected, Occhipinti was ordered to turn himself in on June 12, 1992. The day before he was to turn himself in, Occhipinti appeared on a New York television show, the Jackie Mason Show, and explained what really happened. Judge Motley retaliated, ordering the U.S. Marshal to immediately arrest Occhipinti. The marshal ignored her order and told Occhipinti to surrender the next morning. As is customary, Occhipinti was placed in leg irons and body chains and sent by prison plane to El Reno, Oklahoma. The greater distance from New York insured he would have difficulty getting publicity or using other legal remedies.

Recognized by Prisoners He Previously Arrested

As Occhipinti entered the general prison population at El Reno, Oklahoma, he was recognized by some of the prisoners from New York whose incarceration came about as a result of Occhipinti’s task force. Fortunately, sympathetic prison guards, made aware of the risk, put Occhipinti into solitary confinement. While this protected him from physical harm, the isolation resulted in a breakdown. DOJ prison officials blocked every attempt by Occhipinti to be transferred closer to his family, realizing that he and his supporters would be working to bring about his release.

Many People Protested the Outrage and DOJ Protection of Politically Connected Criminals

Many courageous people expressed outrage at sentencing a key government drug agent to prison for having reported the criminal activities in the New York area. Staten Island Borough President, Guy V. Molinari heard about Occhipinti’s plight, and even though Occhipinti was not one of his constituents, Molinari started an investigation, acquiring several affidavits from key people that proved Occhipinti’s innocence.

FBI Trying to Set Up Borough President Molinari

Molinari’s actions seeking to reveal the truth behind the DOJ’s prosecution of Occhipinti started an all-too-common DOJ retaliation. Assistant U.S. Attorney Valerie Capone and FBI Special Agent Jarrett investigated Molinari’s staff on the excuse the evidence the staff had uncovered relating to the drug cartel
conspiracy was fabricated. Capone also threatened NYPD Detective Lemmer with potential prosecution for providing Molinari with exculpatory evidence relating to the Occhipinti setup and cover-up of criminal activities in the New York area.

The DOJ, through its FBI agents, then tried to entrap Molinari, using a woman wearing a wire-recorder seeking to trap him with sham charges. They also charged Molinari with compensating a person for giving testimony. (More about this law and this practice in later pages.)

Media Reference to FBI Setup of Molinari

An article in the New York Post (April 26, 1995) made reference to the misuse of the FBI’s powers against Molinari: “Guy Molinari Fumes: FBI tried to set me up.” The article stated in part:

Staten Island Borough President Guy Molinari angrily charged yesterday that two FBI agents sought to entrap him in a criminal scheme with the help of a “wired” government informant. “It’s outrageous,” Molinari said. “If they will do this to me, an elected official, I hate to think what they might do to a member of the general public.”

Molinari came under FBI scrutiny during his relentless efforts to prove the innocence of Joseph Occhipinti, the Immigration and Naturalization officer who was convicted and imprisoned on charges of conducting illegal searches of drug locations in upper Manhattan. Occhipinti, the most decorated officer in INS history, served seven months of a 37-month prison term before President Bush commuted the sentence, principally at Molinari’s behest.

Molinari, who had never heard of Occhipinti, became involved only two days before the agent was sentenced. He was so appalled at what he saw at the sentencing that he and his staff launched an independent probe. Molinari concluded that Occhipinti had been framed and convicted on the perjured testimony of drug dealers. Molinari’s efforts on behalf of the beleaguered agent—who is not even a constituent—are among his finest hours in a long career of public service. But those efforts started his problem with the FBI.

“When a small team of FBI agents working out of Queens arrived at my office, it became clear to me that the focus of their investigation was not the evidence we had produced but the involvement of me and my office in the matter.” Molinari told me yesterday. “Here was I, a law-abiding citizen, seeking to redress what I believed to be a miscarriage of justice, and finding that I had become the target of the FBI probe. They tried to get me to commit a crime. It’s outrageous

Molinari’s evidence against the FBI includes a sworn affidavit from Alma Camarena, a former law clerk who first informed the government that Dominican drug lords were planning to frame Occhipinti. [With Justice Department assistance!]

In the affidavit, Camarena swears: “On or about January or February of 1993, I was contacted by [an FBI] agent to come to their office in Queens. I agreed. At that interview, they said that they wanted me to set up Mr. Molinari by my wearing a wire against him. I said, “Yes only because I
was afraid." The trap was to get Molinari to admit he offered Camarena a job in exchange for tainted testimony.

Camarena said she overheard the agents planning the operation. "They were bragging how they would get a helicopter to circle Mr. Molinari's office to overhear my conversation with him." she swore. "They said when Mr. Molinari agreed to get me a job on the wire, they would arrest him."

Camarena said she called Molinari, but "I never said what the FBI wanted me to say. The FBI agents appeared upset because I didn't repeat everything they wanted."

Molinari told the FBI's Office of Professional Responsibility that the agents seemed more interested in investigating him than in the criminal conspiracy or the perjury against Occhipinti.

**Drug Dealers, Immigrants, and DOJ Personnel In Conspiracy Against Law Enforcement Officers**

Molinari articulated this fact from looking at the Occhipinti case as he said, *The Occhipinti case is very significant. It is part of a new phenomenon in which law-enforcement officers are being convicted on the perjured testimony of drug dealers.*

**Complaining to FBI's Lapdog Office of Professional Responsibility**

Molinari complained to the FBI's "lapdog" Office of Professional Responsibility (OPR) about the scheme to file false charges against him. Almost a year later, the FBI responded:

*There is insufficient evidence to find that the allegations made by you and supported by Alma Camarena are substantiated. While it appears that on August 28, 1992, the agents discussed with Camarena the possibility of her wearing a wire in some type of cover action against you, and that she agreed to do so, the idea was not endorsed by the agents' supervisor and was flatly rejected by Department of Justice attorneys.***

**President George Bush Pardons Occhipinti**

After acquiring considerable evidence and affidavits clearly showing how drug traffickers and DOJ personnel set up Occhipinti, Molinari requested President George Bush to commute Occhipinti's sentence. Other concerned people also contacted Bush. On January 15, 1993, shortly before Bush left office, he signed a commutation for Occhipinti. However, he refused to give Occhipinti a full pardon, which left Occhipinti with a felony conviction. During the 1980s, Bush was heavily involved in CIA activities in which Sea Crest played an important role and he was also in the loop with the heavy drug trafficking associated with the Contra affair.

**Continuing to Expose Criminal Activities Upon Release**

After Occhipinti was released from prison, as a private citizen, he presented evidence he had concerning the many criminal activities to various law enforcement agencies that had jurisdiction and responsibilities in those areas. During a February 2, 1993 meeting in the office of the Bronx district attorney to discuss Sea Crest and Dominican crime activities, attended by district attorney personnel, Occhipinti described the evidence that the task force group had acquired. Before leaving, an unnamed investigator privately told Occhipinti
that no investigation would be conducted because of the high political links to the CIA and Dominican organized crime operations.

**Brooklyn District Attorney Drops Investigation**

Brooklyn District Attorney Charles J. Hines had meetings with Occhipinti in 1993 concerning the evidence Occhipinti’s group had acquired, which was in his jurisdiction and area of responsibility. Hines stated he would authorize an investigation into Sea Crest, but interest suddenly cooled and the investigation was dropped.

**Bronx DA Halts Investigation**

During a January 12, 1994 meeting with Assistant District Attorney Edward Friedenthal in the Bronx, Friedenthal told Occhipinti that an investigation would be conducted into Sea Crest, based upon information provided by Occhipinti’s task force. An unnamed Bronx investigator from the district attorney’s office told Occhipinti that no investigation would be conducted due to political concerns, alluding to the political connection between Mayor Dinkins and the Bronx district attorney. He was correct; no investigation was conducted.

**New Jersey Investigation Halted**

A conference took place on July 21, 1994 with Sgt. Jim Mulholland of the New Jersey Police intelligence unit, Occhipinti, and several high-ranking deputy attorney generals from New Jersey, which was arranged by former New Jersey Attorney General Robert Del Tufo. A week earlier, on July 13, 1994, Occhipinti and several New York City law enforcement agents testified before the New Jersey Senate about Dominican organized crime operations in New Jersey. New Jersey law enforcement personnel planned to act upon the information, until Justice Department personnel contacted them.

**Postal Service and ATF Cover-Up**

Federal agents from the U.S. Postal Inspection Service and the Alcohol Tobacco and Firearms Bureau interviewed Occhipinti in December 1994 concerning these criminal activities. According to a confidential source, Postal inspectors and the Organized Crime Strike Force for Newark, New Jersey, had indicated an interest in Sea Crest Trading Company, but the investigation was also stopped.

**Congressman Traficant Seeking Congressional Hearing**

Complaints of the criminal activities and government cover-ups were brought to Representative James Traficant’s attention. He obtained a confidential June 1992 DEA report that corroborated reports of a special interest group protecting Sea Crest corrupt activities. The DEA report said that Sea Crest laundered over $500 million dollars a year from Washington Heights. Traficant placed into the Congressional Record (September 27, 1996BE1734) affidavits and other evidence showing the existence of the CIA and Dominican drug offenses in the United States. He also referenced Justice Department’s actions blocking the exposure of these activities.

**Dominican Diplomat Confirming Dominican Criminal Activities**

Ramon Antonio Grullon, a former Dominican diplomat, prepared two affidavits on March 10, 1994 that were entered into the Congressional Record by Traficant. In the affidavits, Grullon said he had been recruited by Federation
members Pedro Allegria and others to participate in a conspiracy against Occhipinti, and that the motive for these acts against Occhipinti was Occhipinti’s investigation of Sea Crest and the Federation’s bodegas. Grullon described the criminal activities of Sea Crest and the involvement of Richard Knipping and Jose Liberato in the illicit operations.

**Drug Money to U.S. Politicians**

Grullon also described being present when drug money was given to certain elected officials. Throughout these pages are reports of U.S. politicians from both political parties knowingly receiving drug money.

**Congressional Resolution That Went Nowhere**

A resolution was entered into the Congressional Record on April 28, 1993 by Representative Dick Zimmer seeking the appointment of a special or independent prosecutor to investigate the matters that Occhipinti discovered. The resolution stated in part:

*Whereas, there is voluminous evidence that in 1991 and 1992 Mr. Occhipinti may have been the target of a well orchestrated conspiracy by Dominican drug dealers, leading to his prosecution on civil rights charges under 18 U.S.C.A. 241 and 242; (1) This House memorializes the President and Congress of the United States to appoint a special or independent prosecutor to investigate the case of Mr. Joseph Occhipinti, including an investigation of the alleged drug cartel conspiracy against Mr. Occhipinti, and, further, of the alleged Justice Department cover-up in the handling and prosecution of the Occhipinti case. The President is memorialized further to grant, if the investigation warrants, a full pardon so Mr. Occhipinti can clear his name.*

*This House further memorializes the President and Congress of the United States to seek a congressional investigation examining the extent of Dominican crime operations in the United States especially in New Jersey.*

**Congress Did Nothing to Offend the Dominican Constituency**

Despite the gravity of the criminal activities in the New York area uncovered by the various law enforcement agencies, and despite the obstruction of justice activities by DOJ personnel, few in Congress wanted to investigate the problems. Some were covering up for the Justice Department and others were too scared and cowardly. There were many other links to the Occhipinti matter that would be revealed by any thorough investigation. An investigation would alienate a large political constituency in the Dominican groups.

A full investigation would reveal, for instance, the decades of CIA drug trafficking; drug money going to both political parties; the most recent examples of drug money going to the Democratic party and President Bill Clinton.

**Seeking Congressional Relief for Occhipinti**

Further information supporting Occhipinti’s innocence and the DOJ-organized crime coalition against him was provided by an affidavit placed into the Congressional Record (E1734) on September 27, 1996, by William Acosta, which stated in part:

*(2) I am former thirteen-year law enforcement official who successfully infiltrated the Medellin and Cali Colombian drug cartels. I am considered an expert on the Colombian and Dominican drug and money laundering op-
erations in the New York City area.

(3) In 1987, I was previously employed as an undercover operative for the United States Customs Service, wherein I was assigned to route out corruption at John F. Kennedy International Airport. In 1987, I was the principle undercover agent on “Operation Airport 88,” which resulted in the prosecution and conviction of seventeen government officials for bribery corruption and related criminal charges. I was then promoted to Special Agent and reassigned to the Los Angeles District Office.

(4) In 1990, I was appointed to the New York City Police Department as a Police officer. In view of my Colombian heritage and confidential sources close to the Colombian cartel, I was eventually assigned to the Internal Affairs Unit. During my undercover activity, I generated evidence of police corruption for the Deputy Commissioner of Internal Affairs, which was later corroborated by the “Mollen Commission” hearings, which investigated police corruption.

(5) On January 14, 1992, Manuel De Dios, a close personal friend and world renown journalist executed the attached notarized affidavit, wherein, Mr. Dios corroborated the existence of a drug cartel conspiracy against Mr. Occhipinti. The orchestrators of the conspiracy were major Dominican organized crime figures connected with the “Dominican Federation” which is the front for the Dominican drug cartel. The Federation are the principle drug distributors in the United States for the Colombian cartel. Unfortunately, Mr. De Dios was assassinated before he could bring forward his sources who could prove the drug cartel conspiracy against Mr. Occhipinti. After Mr. De Dios’ assassination, I too became fearful of my personal safety and never made public the evidence on the Occhipinti case.

(6) It should be noted that I personally assisted Mr. De Dios in this investigation of the Occhipinti case, which corroborated the Federation conspiracy. In fact, I personally accompanied Mr. De Dios to the Washington Heights area where we secretly taped recorded Federation members who confirmed the drug cartel conspiracy. Those tapes still exist and can exonerate Mr. Occhipinti. In essence, Mr. Occhipinti was set up because of his increased enforcement efforts on Project Bodega which was exposing and hurting the Dominican Federation’s criminal operations in New York City, which included illegal wire transfers, drug distribution, gambling operations, food stamp fraud, food coupon fraud, among other organized crime activity.

(7) My investigation also determined that Mr. Occhipinti was exposing a major money laundering and loan sharking operation relating to the Federation, which was controlled by the Sea Crest Trading Company, of Greenwich, Connecticut. Sea Crest also maintains an office at 4750 Bronx River Parkway in the Bronx, New York.

Sea Crest was using the Capital National Bank in order to facilitate their money laundering operations. In 1993, Carlos Cordoba, the President of Capital National Bank was convicted in Federal Court at Brooklyn, New York for millions of dollars in money laundering and he received a token
sentence of probation. My investigation confirmed that Sea Crest, as well as the Dominican Federation, are being politically protected by high-ranking public officials who have received illegal political contributions, which were drug proceeds. In addition, the operatives in Sea Crest were former CIA Cuban operatives who were involved in the “Bay of Pigs.” This is one of the reasons why the intelligence community has consistently protected and insulated Sea Crest and the Dominican Federation from criminal prosecution.

(8) At present, there are nine major Colombian drug families, which control drug operations in the New York City area. These drug families often referred to as the “Nine Kings.” The Dominican Federation are part of their drug trafficking and money laundering operations. I possess documentary evidence, as well as video surveillance tapes of their drug operations. In addition, the New York City Police has investigative files to corroborate this fact. I have also uncovered substantial evidence of political and police corruption, which has been intentionally ignored. In fact, it is my belief that former New York City Police Internal Affairs Commissioner Walter Mack, who I directly worked for, was intentionally fired because of his efforts to expose police corruption. I plan to make public this evidence to the United States Congress, as well as key members of the media in order to preserve this evidence in the event I am assassinated like Mr. De Dios.

(9) It should also be noted that criminal Investigators Benjamin Saurino and Ronald Gardello of the U.S. Attorney’s Office in Manhattan similarly ignored the evidence I brought forward to them on the Nine Kings and Dominican Federation. These two investigators were credited for convicting Mr. Occhipinti and they made it clear to me they didn’t want to hear the evidence I had on the Federation which could have exonerated Mr. Occhipinti. They were only interested in corruption cases I had brought to their office. In fact, I recall a conversation, wherein, Investigator Saurino asked me about my involvement with Manuel De Dios and if I knew anything about the Occhipinti case. He then stopped and referred to Occhipinti in a derogatory manner, by saying “He’s no *** good.” Realizing his bias and lack of interest in investigating the Federation and Nine Kings, I changed the subject of conversation.

(10) In April 1995, I resigned from the New York City Police Department Internal Affairs Unit after it became evident that my efforts to expose police corruption were being hampered. The same reason why I believe Commissioner Walter Mack was fired. It became evident to me that my life was in eminent danger and I could be easily set up on fabricated misconduct charges like Mr. Occhipinti. In fact, they brought departmental charges against me in 1995 and I won the case. The trial judge also admonished the department on the record for perjury. Often, I found myself isolated and in constant danger working alone in the worst neighborhoods of the city without a backup. Today, I possess substantial evidence to prove that the NYC Police Department media campaign to demonstrate that they could independently police themselves and route out corruption was simply
a media ploy to avoid having an independent counsel to oversee their internal affairs unit. In reality, corruption is still rampant in the department and high-ranking police brass are intentionally terminating viable corruption investigations in order to avoid future scandals exposed by the Mollen Commission. I also possess a consensually monitored tape conversation, which implicates a high-ranking police official who received bribes from the Dominican Federation.

(11) I am willing to testify before Congress as to the allegations set forth in this affidavit. In addition, I am willing to turn over to Borough President Molinari and Congressman Traficant the documentary evidence I possess on the Dominican Federation, the Nine Kings and the Occhipinti drug cartel conspiracy. There are other important pieces of information relating to drug cartel operations and political corruption that I have not made public in this affidavit in order to protect my sources as well as ongoing media investigations that I am involved with. In addition, I am willing to submit to a polygraph examination to prove the veracity of my allegations.

William Acosta

Veteran Police Officer Who Knew the Ropes

Acosta, with over 12 years in law enforcement, had come to the United States from Colombia and became a police officer, working undercover with state and federal agencies in bringing about the arrest and conviction of numerous criminals. As a Colombian, he had a better understanding of the drug smugglers and their method of operation, and better able to infiltrate their ranks.

During this time he received numerous commendations and medals. His work gained him attention in articles appearing in the *New York Times*, the *New Yorker*, *Newsday*, *George Magazine*, and the *Village Voice*. ABC’s television program, “Nightline,” showed Acosta as “The Good Cop” on a segment, with one of the guests saying he took the oath of an officer “too literally.” Unfortunately, except for pie-in-the-sky fantasizing, there is no place in the real world for anyone to expose high-level corruption in government.

As a result of carrying out his duties, Acosta suffered retaliation. He was threatened, he was shot at, he was attacked, and financially ruined.

Another Witness Came Forward—and Paid a Deadly Price

In the same Congressional record, Manuel De Dios, former editor of *El Diario/La Prensa* Newspaper and editor of a weekly newspaper known as *Canbyo*, gave an affidavit that was published several years later in the Congressional Record (September 27, 1996). The affidavit stated:

During the course of my work for *Canbyo* I understood to write an expose concerning criminal complaints brought against an Immigration and Naturalization Service Supervisory Special Agent named Joseph Occhipinti by various members of the Federation of Dominican Merchants and Industrialists of New York. During the course of my investigatory work in researching the article, I interviewed numerous individuals who are members of the
Federation of Dominican Merchants and Industrialists of New York. These individuals confided to me that Mr. Occhipinti had been set up by the Federation and that the complaints against him were fraudulent. These individuals have indicated to me that they are in fear of their safety and as a result would not go public with this information. I would be more than willing to share my information with any law enforcement agencies or Courts concerned with these matters and would cooperate fully in any further investigations.

Expose DOJ-Protected Corruption: Pay the Consequences

In an all-too-common scenario befalling people who expose DOJ corruption, De Dios paid the price. He was gunned down and killed on March 11, 1992. His death would not have happened but for the DOJ conspiracy of cover-ups and obstruction of justice, a common consequence of their misconduct.

John F. Kennedy, Jr.: Profile in Cowardice

An article in The New American had the title, “Profile In Cowardice.” It described a prominent New York socialite who contacted Congressman James Traficant (December 2, 1993) and provided information on one of the DOJ’s steps taken to frame Occhipinti. The witness was identified in the article as “A.R.,” and identified as a friend of AUSA John F. Kennedy, Jr. That witness stated that during a June 11, 1991, conversation with Kennedy, and the night before Kennedy was to testify against Occhipinti, that Kennedy was concerned that he was being forced to testify for political reasons. He added that he was being used to prejudice the jury, and that he had never heard of the Occhipinti case. Occhipinti’s defense team had the witness undergo a polygraph examination, which he passed for his truthfulness. The article stated in part:

He testified that Kennedy bemoaned the fact that the next day he would have to testify against an innocent man. According to J.R., Kennedy stated that he was being “forced” to testify for political reasons and that he was being “used” to prejudice the jury.

Dominican Republic Diplomat Supported Occhipinti

A New American article (February 21, 1994) described a witness, identified as “R.A.G.” who held several diplomatic positions for the Dominican Republic, including that of Consul General and Ambassador to Jamaica, who gave two highly sensitive affidavits (August 19, 1993) that provided more details about the conspiracy against Occhipinti. One affidavit stated in part:

On or about the end of 1989, I was personally told by Dominican businessmen Jose Delio Marte, Silvio Sanchez, Pedro Allegria, and Ernesto Farbege that they needed my political assistance in eliminating former Immigration officer Joseph Occhipinti. They explained to me that Occhipinti was a threat to their illegal businesses, which included loan sharking, gambling, drug distribution, and the employment of illegal aliens.

In his second affidavit, he stated in part:

I have confirmed why government witness Jose Liberato, a complainant against Mr. Occhipinti at trial, had falsely testified against Mr. Occhipinti and participated in the conspiracy. Mr. Liberato, a bodega owner, is a major participant of Sea Crest Trading Company and its illegal activities.
In his affidavit he also named the person who delivered drug-related money from the Federation and Sea Crest to the Dinkins political campaign.

**DOJ Witnesses Arrested Again**

Most of the witnesses used by DOJ prosecutors against Occhipinti had criminal records. After the trial, they continued to engage in criminal activities and continued to be arrested. An example: *New York Daily News* headline (June 17, 1993) read:

*Vice Cops Bag 3 in Bribes.* Two of the people named were brothers, Jose and Joaquin Checo, who had filed charges against Occhipinti and had been arrested by the New York Police Department for gambling and bribery offenses at their bodega. In the same article, *New York Police Department* spokesman, Raymond O’Donnell, referred to the two brothers as members of a Dominican organized crime organization known as The Federation.

“We’re going to do to you like we did Occhipinti !”

The immigrants learn fast. As the brothers were being handcuffed, one of the police officers, Sgt. Frank Perez, heard an employee holler, “You can’t get away with this. We’re going to do to you like we did to Occhipinti !”

**Occhipinti Describes what Happened**

Occhipinti described during an October 11, 1997, telephone conversation the findings of his multi-agency task force while investigating criminal activities in New York while working with AUSA Louis Freeh:

> Let me explain to you why things happened, in connection with my case. I had the connections, and why I think they prematurely fired Jim Fox, the FBI Director. There is a company called Sea Crest Trading Company in Greenwich, Connecticut. Now we know, and its been established that they’ve been the target of as many as ten federal and local investigations. And in each and every case, the investigations were ordered terminated by the Justice Department.

**[CIA, Capitol National Bank, and Dominican Organized Crime]**

The company was being run by certain Cubans who were involved in the Bay of Pigs. And they had, as part of their money laundering operations, they were dealing with Capitol National Bank in New York, being run by Carlos Cordoba, another CIA operative. I understand that, in Dominican organized crime, it’s probably one of the most vicious ethnic crime groups in the United States.

**[Sea Crest, Dominican Federation, and Organized Crime]**

And what they do is, they basically intermingle and usually work hand in hand with the Cuban organized crime network, particularly in the gambling operations. So what happens, without realizing it, I stumbled into this Operation Bodega, never realizing that the Dominican bodegas that I was hurting was part of this Dominican Federation which is actually the front of an established Dominican cartel and that the fact that they were using in their money laundering operation, the Sea Crest Trading Company.

**[Top Expert on Dominican Organized Crime]**

I was the Chief of Immigration and Naturalization Service. I was working mostly drug cases, and I was probably the most expert on Dominican
organized crime. Nevertheless, all in all, I thought that I was being set up simply because I was hurting Dominican organized crime and that I knew the federation was a very politically powerful organization. And I just believed the time that they went to Mayor David Dinkins, convinced him that I was a racist and that I was hurting their operations, and Dinkins, who attributed his win in the 1988 election due to the Dominican Federation which is a front, called for a federal civil rights investigation.

[Attorney for Organized Crime Network Former AUSA]
Now what happened, I uncovered evidence into this cartel that I was investigating, that their chief legal counsel was a former Assistant United States Attorney in the southern district of New York, and that according to my source who is a credible informant and who was willing to wear a wire, she alleged that this former Assistant U.S. Attorney was the legal counsel for the Dominican Federation.

And he said to me, this guy’s name was David Lawrence, who was chief of the criminal division. David Lawrence said to me, ‘I want to interview this woman.” So I brought her in. Not only was she credible, she actually had documents in her possession that could put this guy, this former Assistant U.S. Attorney and his partner, away in jail for a variety of drug trafficking, money laundering violations.

[Prosecutor Leaking Evidence to Organized Crime]
What happened is, a week after I brought her in, her information was leaked to this former assistant for whom she worked in that law firm saying, “I know what you did; my people told me, and the U.S. Attorney is trying to set me up, and he said he put a contract on Camarena.” It’s clear I went to the U.S. Attorney with viable evidence and he refused to work on it. What they actually told me was, “Leave the investigation alone; leave it alone.” Now at the time I simply said, well, you know what it is; the U.S. Attorney is very much concerned about their prestige. What happened was, in the southern district a year earlier, FBI had arrested an assistant U.S. Attorney for drug possession, and his name was Pearlmuttan.

[DOJ Blocking Exposure of Crime Activities in New York]
What I thought at the time was, well, they’re blowing New York simply because they had a scandal two years earlier and they’re trying to avoid a potential scandal, and they’re only concerned about their image. But when David Lawrence told me to leave this investigation alone, I was angry. A New York City police officer was murdered and I’m on the trail of a major Dominican cartel. That’s when I started my Operation Bodega, knowing that I wasn’t going to get any support from the Justice Department.

[NYC Prosecutor Circumventing DOJ Obstruction Of Justice]
So I went over to Morgenthau office and he was convinced that Operation Bodega not only would net the cartel but expose the money laundering operations as well as the alleged corruption. He assigned three assistant district attorneys to my case and within a ten-month period we began to develop substantial evidence not only on the Dominican federation but Sea Crest Trading Company.

[Receiving Bribery Offers]
And I knew I was getting close to the operation because two, actually three bribery offers were made to me and immediately I went back to the FBI, the supervisor in the corruption unit. And I told him everything I uncovered on Sea Crest and on this former federal prosecutor. And he was convinced; he wanted to do an undercover investigation. He was so convinced that he actually assigned a case agent. And the goal was for me to accept bribes, set them up and take them down and squeeze them and find out who’s corrupt.

What happened is, when we get to my meeting in the southern district of New York, which is the criminal division, I get told by them that the southern district would not go with the undercover operation. He said to me specifically, he said, “Something smells.”

So I realized that several months before that they told me they didn’t want to do Operation Esquire.

[Drug Cartels Demanding Shutdown of Drug Investigating Unit]
I had worked previously in the corruption unit and I had some confidence in them, so when the Dominican Federation held their press conference on the steps of City Hall demanding that my operation be closed down and that I be investigated for federal civil rights investigation, at the time I didn’t have knowledge of all the facts; I just simply thought I was hurting a drug cartel; they needed to try to make it into a racial issue with politicians, with the Republican thing, and that’s what happened. So at that the pieces to the puzzle weren’t being put together. What happened was, they simply thought that I would be prosecuted and convicted and be taken away. And no one would even listen to me. But what would ultimately happen was that I was a credible person, and every time the media investigated my case, they found out that I was innocent and that I had been set up by drug lords.

[Drug Lords Controlling U.S. Attorney’s Office]
And that the drug lords influenced the U.S. Attorney’s office to selectively prosecute me. Now we know that because several PD undercover operations were done where they went actually into the same bodegas who testified I conducted unlawful searches and capture them on national TV involved in criminal activity. What happened was, I was in prison, and the pressure was so much on the White House that they had to do something. My case was getting a lot of notoriety.

I asked, “What charges did they make?”
They charged me for federal civil rights violations. The first officer in American history to be charged under the federal civil rights with illegal consent search. The claim was, yes his signature was on the consent, but they claimed they didn’t sign the consent form until after the search. The first officer to be caught; it’s an administrative violation under the exclusionary rule. If a judge thought a search was illegal, they’d just throw the case out of court. I was the first one to ever be prosecuted.

The bottom line was, President George Bush, under intense pressure and because of his relationship with Staten Island president Molinari told him there was so much evidence for my innocence, he gave me clemency—he didn’t give me a full pardon but he gave me clemency and got me out of
What happened was, in January I get my retirement because I had 22 years in the government, and I’m a credible witness. Very credible, and what everyone basically puts it up to is, this is an illustration of how powerful the struggles are in our United States, and secondly how they’re able to manipulate the civil rights to their advantage.

At that point I became not only hero to American law enforcement but even some of the civil rights groups have been convinced that my case was a clear case of how the drug cartel was using civil rights laws to their advantage. Right now I have a lot of friends, a lot of credibility. What I thought I could put together was the following.

I started to realize when witnesses came forward that Jim Fox was one of my biggest supporters. While I was in jail, Jim Fox publicly stated that there was evidence of my innocence despite the fact that the FBI was refusing to release the evidence. What we believe happened was the following:

We believe, while I was in jail, the Justice Department conducted an investigation. And they cut Jim Fox out of the loop for one reason or another. We believe Jim Fox realized that I was being framed and he asked one of the agents who conducted the investigation what happened. We believe when he saw what happened he publicly announced he was to retire in a couple of months.

Now when these public statements were made, we made an application for a new trial based on newly discovered evidence from the drug cartel. We specifically made mention that Jim Fox made public statements, and I know that the U.S. Attorney was very upset with him. Cause they called him down and they asked him to give a deposition saying that his public statements were taken out of context. He refused to do it, and he was fired; he was terminated about three months before his retirement.

“What’s the status of that? Has he taken any legal action?”

Basically he left and became one of the heads of security for a major bank; he passed away about 3-4 months ago. Let me tell you what we uncovered. A major investigator for a clearing house that deals in food coupons; you know those coupons when you go shopping. He brought to my attention that terrorist groups were using coupons as a way to front international terrorism. He explained that it was a 200 million-dollar-a-year operation. And they were using bodega supermarkets. Sea Crest Trade Company was to do the money laundering.

Most of your Middle East terrorist groups were using several ways to raise money for terrorism. One was food stamp fraud, the second was food coupons, and the third was pirating of films that was sold out of supermarket bodegas that was controlled by the Federation. And they were using the bodegas as a clearinghouse for Sea Crest Trading Company, which explains why I was getting them a little nervous. But he said to me, “Joe, you’re missing the picture here. The Dominicans are involved with the Cu-
bans, but don’t you realize what really happened here?” And this is what he explained.

[Bodega Money to Terrorist Groups]
When Ben Jacobson began his investigation into the food stamp fraud and coupon fraud, he was the chief investigator for E. C. Nielson Company that administers food stamps in the coupon program. In his investigation he said that what really was happening was that much of the coupon redemption would be concentrated at a little grocery store. And when he became suspicious that the monies were going to terrorist groups, he reported his findings to the FBI.

But what happened was, the President had given me clemency, and I knew that I had been set up. The evidence clearly showed it. We believed I had been set up solely by the Dominican drug lords and that I was easily prosecuted because I wasn’t perceived as a team player because I was attempting to expose corruption. So what happened was, Ben Jacobson opened my eyes and he explained to me what happened. And he’s a credible guy. Not only is Ben Jacobson a retired New York City detective; he’s also a college professor that teaches at Rutgers University. He is also the chief investigator for E. C. Nielson Company. And this is what he proceeded to explain:

[IRS Retaliation]
Ever since he started his investigation at Sea Crest, he became the focus for retaliation by the IRS and others; he was basically told to leave the investigation alone. He couldn’t understand why. What he was able to connect was that Sea Crest, based on documents he obtained, they’re called UCC’s; Universal Commercial Code. Let me explain; if I lend you a thousand dollars I fill out a promissory note that you registered with the county clerk on a form that’s called the CC.

With this investigation he started to notice that many of the people who were tied into Sea Crest were from the Middle East, managing stores that he suspected, supermarkets, mini-markets, that he suspected had ties to terrorism. And he reported his findings to the FBI. He provided them evidence of the funding for terrorism. What happened was, the FBI, just like the other investigations by the IRS, were ordered by the Justice Department to terminate it. And this is why he believed that happened.

They needed a way, a mechanism to launder the money. So it was decided that they would bring in the Mujahedeen principals into the United States, set them up in mini-markets and supermarkets and utilize Sea Crest Trading Company as a way to funnel money to the Dominican Republic, and then back. And the money was earmarked for arms.

[Coalition of Sea Crest, CIA, and Terrorist Groups]
What happened, he thinks, is while the government may have had a legitimate reason for using Sea Crest Trading Company, which was being run by former CIA operatives, Cuban Nationals, they never realized that the terrorist groups were using the money. And when Ben Jacobson provides them with that intelligence and they closed it down because they were told to, we believe, the bombing of the World Trade Center resulted.
[Trade Center Bombing Funded by DOJ-Protected Groups]
Now if you look at the convicted people on the World Trade Center Bombing, one fellow is Salan Abdel-Rahman. He owned a mini-market in Jersey City. If you pull the UCC [report], it comes back “Crest Trading Company.” So what happened was, the Justice Department and the CIA were afraid that if this information was ever exposed, it would show that the FBI was alerted that these monies through the food and coupon fraud actually funded the bombing of the World Trade Center, and that the FBI failed to take any action.

There would be a major scandal. Now we believe this is one of the reasons why Jim Fox knew what was happening. He was the one who spearheaded the entire FBI investigation into the bombing of the World Trade Center. So listen to this very carefully.

[DOJ Shuts Down Congressional Investigation]
Congressman Traficant begins a series of inquiries into Sea Crest under the Freedom of Information Act, and almost immediately they close it down. They refuse to give any information, quoting national security. So what I think we have here, the real scandal is, the CIA realized the federal agency was being set up in order to protect their operation, they allowed me to go to jail.

[CIA Funding World Trade Center Terrorists]
But the real story was that the CIA used Sea Crest Trading in order to facilitate money for Mujahedeen during which time it inadvertently got into the hands of suspected terrorists. They were alerted of that fact; they failed to take any action; the bombing occurred, and they’ve got to do damage control. They were afraid if the American public learned about this it would be a major scandal.

[Drug Cartels Funded Clinton’s Election Campaign]
To further compound this now, what’s been happening with the White House? We’ve now learned that the Dominican Federation is a front for cartels and Sea Crest Trading Company was behind many, many fund raisers for the Clinton-Gore campaign. Now this is published in the New American magazine. What I’m saying here is published also in the Congressional Record. I think this guy Richard Taus, and what he says, was accurate and what was happening in the New York FBI office.

[CIA Influence Over the Media]
Now the guy who broke the story, the guy who came up with the evidence, is a reporter for the New York Post by the name of Al Guart. But the paper refused to print it; apparently the CIA must have a lot of influence in the media. The Post refused to allow him to break the story. There’s another guy, Karl Ross.

He does investigative reports for some of the largest magazines and newspapers, and also the Washington Post. And they’re refusing to allow him to break his story on Sea Crest. The point I’m trying to make here is, this is what was happening. This is what we could prove. That viable local and federal investigations into the Sea Crest Trading Company have been suspiciously terminated by the Justice Department. Why?
I just wanted to let you know that the Sea Crest Trading Company appears to have been a CIA operation; it was being run by the Cuban mob that was involved in the Bay of Pigs. We know their connection with the Colombian and Dominican cartels. But as I said, apparently that was used as a front to money launder the money for the Mujahedeen when, during that process, monies were actually diverted to actual terrorist groups and the FBI knew about it, was told not to do anything and then, when the bombing occurred, there was a big scandal there.

**Occhipinti Today**

And how did Occhipinti fare after his many years of dedicated government service? After 22 years of federal service, after receiving many awards, he was forced to retire on a disability pension. He suffered from post-stress trauma, hypertension, heart disease, gastro-intestinal disorders, surely brought on or worsened by his years of fighting crime and government cover-ups. Occhipinti wrote:

> I will always cherish my many law enforcement accomplishments and my efforts to protect our borders from drugs. Unfortunately, I realize now that my dedication to duty was in vain. I was very naive. I believed in the criminal justice system and the alleged war against drugs. I realize now that we have lost the war against drugs.

> Moreover, how politically powerful foreign drug lords are in the United States. I was getting too close to the major players in the drug world and had to be eliminated. Fortunately, I wasn’t murdered like journalist Manuel De Dios. Instead, the drug lords sent a more powerful threat to law enforcement; they can now manipulate and misuse to their advantage, important civil rights laws that can imprison and intimidate dedicated law enforcement officers.

> At present, due to my landmark civil rights prosecution, which never involved police brutality, racial bias or corruption, drug interdiction in many jurisdictions has been terminated. The police assigned to drug interdiction often rely upon consent searches and will not subject themselves to possible imprisonment and loss of a career due to an allegation of an unlawful search and seizure. My only regret is that I took away precious time from my family and subjected my loved ones to tremendous hardships simply because I wanted to do my sworn duty.

**Nostalgia Writing of Occhipinti’s Tragic Downfall**

It has been sad to write about what powerful and corrupt people have inflicted upon Occhipinti and his family. It reminded me of what I went through, first as a highly qualified FAA inspector assigned to the most senior program at United Airlines while it experienced a series of major air disasters, and then later what I experienced as I sought to expose other forms of government corruption. It is very probable that Occhipinti and I, and others like us, were fools, trying to protect a public who didn’t care to get informed or show any responsibility.

**IRS After Those who Wrote Stories About Occhipinti’s Case**

During a discussion with Occhipinti in March 1999, he said that almost every reporter who exposed the DOJ corruption has had the IRS after him.
Radio and Television Appearances to Inform the People
Upon being released from prison, Occhipinti appeared as guest on several hundred radio and television shows, exposing the crime and drug cartels and their political influence. His grueling schedule caused him to collapse on board an airliner (November 21, 1993) followed by four days of hospitalization. Since 1978, I had appeared as guest on over 3000 radio and television shows and it can be especially tiring, especially when on a tour and doing seven or more shows a day. Worse, discovering that no one does anything with the information. Like talking to sheep.

Protection of Ethnic Crime Groups
In one of his writings, Occhipinti explained some of the problems associated with the United States’ attempts to fights powerful ethnic crime groups: I have seen dozens of viable federal and local investigations into Dominican organized crime groups prematurely terminated by federal authorities. Why? In July 1997, the FBI published a confidential intelligence report on Dominican organized crime operations in the United States, which confirm what I have known for the past twenty years. There has been much speculation that many of these investigations were prematurely terminated due to possible national security reasons, or maybe, the principals were government informants that had to be protected.

It is important to note that the biggest crime threat facing the American public is the growth of international drug syndicates in the United States. Foreign drug lords and organized crime have adapted very well in setting up criminal operations in the United States for a variety of reasons. Foreign drug lords and ethnic organized crime groups have learned the essence of American politics and know how to manipulate the political and criminal justice systems.

[Dominican Cartels Principal Distributor of Colombian Drugs]
For instance, U.S. law enforcement sources have developed convincing evidence that the Dominican drug cartel is the principal distributors of narcotics in the United States on behalf of the Colombian drug cartel. In addition, they are credited for laundering billions of dollars in drug proceeds both here and abroad. Yet, we rarely see media reports that publicize Dominican organized crime. Why?

[Dominican Drug Cartels Politically Powerful]
Many ask me why the Dominican cartel has become so politically powerful in the United States. I explain that they will often operate as a legitimate political action group, often making unlawful political contributions to elected officials and having become successful in conducting widespread election fraud. Clearly, the ability to deliver campaign contributions and needed votes to win an election can understandably influence most political candidates.

[Organized Ethnic Crime Groups]
Hopefully, you can better understand why foreign drug cartels have become politically powerful in the United States. It also explains that when ethnic organized crime groups become the targets of law enforcement scrutiny, they seek immediate political intervention in hopes of terminating a
criminal investigation or inquiry. In many cases, elected officials are successful in influencing authorities to terminate a criminal investigation by often alleging officer misconduct, or that the investigation was racially motivated.

[Most Drug Crimes Committed by Ethnic Crime Groups]
In the United States, statistics will show that the majority of organized crime activity in the United States is being committed by organized ethnic crime groups. Yet, the Justice Department’s “Organized Crime Strike Forces” continues to target and prosecute traditional Italian organized crime groups, which represent less than one percent of organized crime activity in the United States. Why? Is it because it has become “politically” incorrect to target these other ethnic crime groups? Or, are these foreign drug lords being protected by elected officials or the intelligence community?

Ethnic Groups Taking over Drug and other Criminal Activities
Partly because of naïveté, partly because of American’s gullibility, partly because of Americans who are willing to sabotage America’s interest for money from special groups, ethnic groups are taking over all types of criminal activities that make all of America suffer. Even the Japanese version of the U.S. Mafia: “yakuza.” has taken advantage of America’s love affair with drugs. Many Colombian and Mexican drug traffickers, and the yakuza, set up businesses along the Mexican-U.S. border after NAFTA came into being. Little is known in the United States about yakuza activities, or even its existence. Years ago, CIA agent Gunther Russbacher described his dealings in the Midwest with the yakuza, most of which I left out of my books for another day. It was reported to me that a company with packinghouses in Mexico along the U.S. border, Fruitiko, is associated with the Japanese yakuza.

CIA-DOJ Funding, Training, Arming, and Protecting Terrorists
Evidence not publicized by the Justice Department, Congress, or the mainstream media shows a relationship between the World Trade Center bombing and the criminal activities government agents sought to report, which DOJ employees blocked.

Money to fund the terrorist bombing of the World Trade Center came from the very same criminal activities that Occhipinti and other government agents sought to halt: and DOJ employees protected! This conduct by the people and culture in the Department of Justice made possible the bombing of the Center, and these acts included the shutdown of various investigations, the sham charges against Occhipinti, the aiding and abetting of crime groups that I have documented in all of my books.

Financing World Trade Center Bombing With Bodega Food Coupon Fraud and Drug Money
A New Jersey news service, Golden State News Service, distributed to newspapers on October 1995 the following in-depth interview with several key New York area law enforcement officers relating to the bombing of the World Trade Center:

The terrorist bombing of the World Trade Center was financed with drug and other racket money laundered and leveraged through small ethnic gro-
cory stores. What’s more, terrorists even now are siphoning off more such funds. The real leader in the World Trade Center bombing has been allowed to flee capture, and all this is happening under the apparent protection of the Center Intelligence Agency...

According to Jacobson, it was the monies generated from the Sea Crest food coupon redemption fraud scheme that financed the bombing of the World Trade Center according to Jacobson, Sea Crest is suspected of being the source of a two hundred-million-dollar a year food coupon redemption scheme... Jacobson alleges that Sea Crest has been protected by the Justice Department because of an alleged CIA operation that utilized that firm....

Occhipinti says he and Jacobson, acting independently of each other, have tried repeatedly to interest various federal state and even local law enforcement authorities to follow through on investigations of Sea Crest. “But always the investigations go nowhere.” Lenny Lemmer, a detective sergeant with the New York City Police Department, said recently in a sworn statement that he has encountered similar dead-ends in probing Sea Crest and its alleged drug cartel connections...

Lemmer said he was called to meet several times with FBI agents and federal prosecutors, who tried to intimidate him into abandoning any leads he might uncover about Sea Crest or anything exculpatory about Occhipinti. Lemmer said he was aware of “concrete evidence” about alleged Sea Crest money laundering activities in Bogota, Colombia, and conveyed this information to an FBI agent.

In a recent interview, Jacobson confirmed that proceeds from coupon fraud paid for the World Trade Center bombing, and that Sea Crest had received redemption checks signed over by Middle Eastern and Dominican grocers suspected of participating in such fraud. The conspiracy is so loose that money may be siphoned off to terrorists without all parties involved in the original loan-shark-coupon scams being aware of it, according to investigators.

**History of Funding Terrorists and Paying the Price Afterwards**

The United States funneled over three billion dollars to the Mujahedeen in the 1980s, and provided training in the use of weapons and terrorist activities. This was done despite the known hatred of the Mujahedeen for the United States due to its one-sided support for Israel. The knowledge that these acquired terrorist tactics and weapons would eventually be used against the United States was ignored.

**CIA Fronts in the United States Funneled Money to Terrorists**

Since 1990, my CIA sources explained how Sea Crest—a CIA front—laundered money to obtain military equipment and provide training for the Mujahedeen in Afghanistan during the 1980s. Occhipinti’s task force discovered that the funding of terrorists existed in the 1990s, and that some of the money was going to terrorists in the United States.

A key figure in one of the terrorist groups was Sheik Omar Abdel-Rahman, who was convicted by a New York jury for his role in planning the bombing of the World Trade Center building. He was sentenced to life in prison and nine co-conspirators were sentenced to long prison terms.
CIA Granting Visa to Known Terrorist

Despite his known terrorist activities, including his involvement in the plot to assassinate Egypt’s Anwar Sadat, a CIA agent in the U.S. Consulate office in Khartoum, Sudan, issued a one-year visa for Sheik Omar to enter the United States in May 1990. He arrived in New York in July, and a few months later the State Department revoked the visa, advising the U.S. Immigration and Naturalization Service (INS) of this fact. However, high-level pressure caused the INS to issue a green card to Sheik Omar several months later.

The people who funded Sheik Omar’s entry into the United States included Mustafa Shalabi (Director of Alkifah, a support fund for Mujahedeen fighters based in Brooklyn); Muslim Brotherhood member and CIA asset from Afghanistan, Mahmud Abouhalima, and El Sayyid Nosair, an Egyptian. They had received training, funding, and arms from the CIA.

Besides receiving CIA training, Nosair and Abouhalima had been earlier trained by the terrorist, Abu Nidal. The U.S. Army in 1989 sent Sergeant Ali A. Mohammed to Jersey City to give training to recruits for the Mujahedeen. Among those receiving this training were Abouhalima and Nosair.Nosair, Abouhalima, and Omar were later convicted of waging terrorist warfare in the United States.

FBI Cover-Up of Terrorist Activities

Nosair was suspected of the 1990 murder of Rabbi Meir Kahane, a Jewish militant in New York City. Following this murder, the FBI obtained a search warrant and seized terrorist material from his Jersey City apartment. Included in this material were bomb-making materials, a list of people marked for death, including Rabbi Kahane, bomb-making instructions, and pictures of targeted buildings, including the World Trade Center!

The FBI made no arrests, and withheld this information from New York City prosecutors seeking to arrest those responsible for Kahane murder. This withholding of evidence played a key role in his December 20, 1991, acquittal.

DOJ Cover-Up Helped Plan Airliner Bombings

Funding Nosair’s defense were funds from criminal activities associated with Sea Crest Trading Company, the same CIA-related operation that funded the bomb components and their assembly. Many of these activities were under the supervision of Ramzi Yousef, an Afghan terrorist who came to the United States into Sheik Omar’s group in 1992.

While working with explosives in his Manila apartment in 1994, a fire occurred, causing Yousef to flee before police arrived. After the police searched the apartment and examined his computer files they found plans to place bombs on eleven U.S. airliners departing Far East locations.

Although Yousef fled, police arrested his roommate, Abdul Hakim Murad, a pilot who had received his pilot training in the United States. Hakim provided further information on the plan to place bombs on U.S. airliners. If that plan had succeeded it could have killed several thousand air travelers. Hakim also revealed that al Qaeda cells planned to crash U.S. airliners into buildings in the nation’s capital at Washington.

Yousef was convicted in late 1996 of involvement in the conspiracy to place bombs on U.S. aircraft in the Far East. New York judge William
Schlesinger granted the terrorist’s attorney William Kunstler extraordinary latitude while hamstringing the prosecution.

**World Trade Center Bombing Made Possible by DOJ Cover-ups**

Without funding from Sea Crest Trading Company, and without Justice Department personnel blocking prosecution of Dominicans drug traffickers and Sea Crest, it is very probable there would not have been the money to fund the terrorists. The bomb blast killed six people, injured over a thousand others, and did over $500 million in damage in the February 26, 1993, World Trade Center bombing.

The imprisonment of Sheik Omar, following the World Trade Center bombing, did not destroy the group’s ability to conduct further terrorist acts in the United States. This became apparent on September 11, 2001.

**“Dominican Drug Money May Have Helped Elect our President”**

Reports indicated that U.S. and Dominican Republic politicians were receiving substantial money from Capital National Bank, Sea Crest Trading Company, and the Dominican Federation. An in-depth *The New American* article (April 28, 1997) was titled: “Dominican drug money may have helped elect our President,” and said in part:

*A report from Puerto Rico suggests that the Clinton White House has accepted drug-tainted contributions linked to the Dominican Republic’s radical Dominican Revolutionary Party (PRD). PRD members... made campaign donations last September during a Democratic National Committee fund-raiser at Coogan’s Irish Pub in Washington Heights [in New York City]. PRD members Simon Diaz and Pablo Espinal supported the campaign of U.S. President Clinton....

Both Diaz and Espinal reportedly posed for pictures with Vice President Al Gore, according to PRD leaders. Diaz is vice president of a New York City chapter of the PRD and president of a group of party-affiliated businesses. He is also currently under investigation by the Drug Enforcement Administration (DEA) and various other anti-narcotics agencies with regard to the PRD’s “alleged nexus with international drug cartels” as *El Vocero* reported....

Furthermore, although U.S. federal officials were aware of the links between PRD and the drug cartels, “for reasons that remain unclear, these officials exerted pressure to derail active investigations in the matter.”

Despite his known drug and crime connections, Jose Francisco Pena-Gomez, the PRD’s leader and Dominican Republic presidential candidate was President Bill Clinton’s choice in the Dominican elections held in 1994 and 1996. This recommendation followed the campaign contributions received by Clinton and Gore.

**Luck of President Bill Clinton and Al Gore**

On May 10, 1998, another potential witness and threat against President Bill Clinton and Vice President Al Gore died. Former Dominican Republic presidential candidate Jose Pena-Gomez was a potential threat to them because of the drug money Gomez and his drug-related groups gave to the Clinton-Gore campaign and because of the Clinton administration’s protection of Dominican drug trafficking and other crimes. Pena-Gomez died from pulmonary edema.
Parallel Discoveries in Pennsylvania

Four agents from the Pennsylvania Bureau of Narcotics Investigation office (BNI) were experiencing similar problems with Dominican drug traffickers, high-level cover-ups, and retaliation. Agents John R. McLaughlin, Charles A. Micewski, Dennis J. McKeefery, and Edward Eggles, were working as a team, discovered evidence of widespread criminal activities by the Dominican Revolutionary Party and Dominican crime figures. They also suffered retaliation that insured the continuation of the drugs and related crimes.

The BNI narcotic agents discovered that drug money was gathered and distributed at fund raisers held in Pennsylvania and that various government agencies were actively aware of these facts. They also discovered drug money funneled to U.S. politicians and to the U.S.-backed candidate for the presidency of the Dominican Republic, Jose Francisco Pena Gomez, who was being supported by the Clinton Administration.

Ties to Colombian Drug Traffickers

McLaughlin described what he found about Colombian connections:
While at an intelligence meeting, I received a document from Interpol that described an organization of Dominican drug traffickers with ties to the Cali cartel in Colombia dating back to at least 1991 and also documents hundreds of kilos of cocaine seized as well as approximately 100 people either arrested or having outstanding arrest warrants. This organization has ties to the Dominican Revolutionary Party headed by Jose Francisco Pena-Gomez who was being backed by the U.S. Department of State in the last election.

Pennsylvania Attorney General Protecting Drug Traffickers

On May 10, 1996, McLaughlin notified the Deputy Attorney General of a major heroin shipment due to arrive from New York and a large amount of drug-money being laundered. Harrisburg Attorney General’s office refused to allow a bust to occur. The surveillance team was called off and the heroin sale occurred that evening at 7:45 p.m., with Dominicans taking back to New York over $100,000. Shortly thereafter, over 116 overdoses from heroin were reported from using the heroin brand, “Dead Presidents.” Numerous drug overdoses and deaths were reported from using another form of Dominican heroin called “Super Buck.” BNI agents were ordered not to interfere with these sales that were occurring at various Philadelphia street corners.

Dropping Charges Against 85 Drug Traffickers

McLaughlin was told that from April 16 to November 19, 1996, the Philadelphia district attorney’s office dismissed 85 defendants who were caught with $879,000 worth of heroin, $47,000 worth of crack, $148,000 worth of cocaine, and the confiscation of large sums of money, vehicles and weapons.

In addition to protecting the major drug trafficking, this sent a message to other government agents that they should not investigate any of the Dominican drug traffickers, drug-money launderers, or drug-money-related political contributions.

Retaliatory Removal that Protected Drug Crimes

Shortly thereafter, on April 16, 1996, Arnold Gordon, First Deputy District Attorney for Philadelphia, met with the Attorney General and charged that
there was a problem with the BNI agents in the Philadelphia office. This was followed by a series of adverse actions against the four agents that halted their drug investigations into the politically connected drug traffickers.

The Pennsylvania attorney general’s office took McLaughlin off drug cases on the sham excuse that McLaughlin made a grammatical error on an affidavit. McLaughlin referred in an affidavit to “the” informant instead of “an” informant, an error that was meaningless in light of the details in the report, and could be made by anyone without any unfavorable results. It was clear; the Pennsylvania attorney general’s office was protecting drug traffickers from arrest by state police officers!

Another Example of Legal Fraternity Misconduct
On January 13, 1997, a confidential informant (CI 902-96) told BNI agents that a prominent defense attorney, Guy Sciolla, was telling his Dominican clients to falsely report that BNI narcotic agents skimmed money from them when they were arrested. This was the same as one of the two charges Dominican drug traffickers made against Occhipinti. They must have learned from that to use the same tactic against other government agents. McLaughlin reported this to the District Attorney’s office. Again, the Pennsylvania prosecutor refused to act against the attorney.

Fearing for the Life of an Informant
During a March 27, 1996 BNI meeting at Philadelphia headquarters attended by CIA Agent Dave Lawrence, McLaughlin and Regional Director John Sunderhauf, Lawrence wanted the name of one of BNI’s key inside informants who was disclosing highly sensitive information about Dominican drug trafficking. Recognizing that the state attorney general’s office was blocking the investigation and prosecution of known drug traffickers, McLaughlin, fearing for the life of the informant, refused to reveal the informant’s identity.

FBI Pressuring Informant to File False Affidavit
McLaughlin reported (July 8, 1997) that a Confidential Informant (Nr. 910-95) called BNI agents about FBI agents from the Federal Corruption Probe Task Force pressuring him to sign an affidavit containing derogatory statements about BNI agents that weren’t true.

Retaliatory Reassignment
In May 1996, State Attorney General Tom Corbett announced that McLaughlin and the three other BNI agents working on Dominican-related cases would be reassigned and would not get their regular jobs back. Despite the agents’ request for information as to what they had done wrong, no reason was given. They were reassigned and given menial and often degrading tasks.

I know the tactic; while I was with the FAA, reporting very serious air safety and criminal violations and a culture of corruption among its mid-management personnel, related to a series of fatal airline crashes, I was transferred to an undesirable assignment. My predecessor on that same problem, who reported similar air safety and criminal violations associated with crashes at United Airlines—one of which was the world’s worst—was also transferred. His destination was Puerto Rico, a not very desirable location. In both cases, United Airlines management personnel bragged that they were responsible for our transfers.
On June 3, 1996, the BNI agents were told that they could no longer get information from the New York DEA office, thereby depriving the BNI of important drug-related information. On July 18, 1996, the Pennsylvania district attorney’s office advised the narcotic agents that the office would accept no more cases from them. On August 21, 1997, U.S. Customs agent John Malandros told McLaughlin that he was ordered to drop the investigation into the Revolutionary Dominican Party.

**Media Aiding and Abetting Drug Traffickers and Cover-Ups**

Within a few days, the media started printing and airing a series of stories critical of the narcotic agents and protective of the drug traffickers and government retaliation and cover-ups. On April 23, 1996, Philadelphia’s *Channel 3 News* did a lead story comparing the BNI agents to a group of Philadelphia police officers who created false crimes and wrongfully accused people in the 39th Precinct. That misleading television story was followed by others, including derogatory stories in the *Philadelphia Inquirer* and the *Philadelphia Daily News*.

For reasons unknown to the agents, Supervisor Lou Gentile in the Pennsylvania attorney general’s headquarters in Philadelphia, ordered the narcotic agents not to correct the false media stories. These media sources had enough access to insiders to know the true story. They chose to mouth the official government line. Former Attorney General Tom Corbett told agents to “take it on the chin,” and that he wouldn’t correct the false media stories.

**ACLU Protecting the Criminals**

ACLU attorneys stated that they intended to seek monetary damages for the Dominicans arrested by the BNI agents. State Senator Vince Fumo from Philadelphia, urged convicted Dominican drug dealer Felix Torres to seek vengeance against the BNI agents: “Sue them, bankrupt them, take their houses from them. That’s the only time they’re going to get the message.”

**Reporting the Problems to Senate Investigators**

McLaughlin described these activities to investigators from the Senate Intelligence Committee, including chief counsel John Bellinger, Janice Kephart, and Al Cummings. He informed Randy Scheunemann on the staff of the National Security Advisor.

McLaughlin called Senator Arlen Specter’s office on October 15, 1996 concerning the Dominican Republic drug trafficking and the Justice Department’s protection of their drug activities. The Senate Select Committee on Intelligence asked McLaughlin to testify behind closed doors about the drug trafficking and other criminal activities, and the obstruction of justice at the state and federal levels.

**Obstructing Congressional Investigation into Drug Trafficking**

Seeking to prevent McLaughlin from testifying about the criminal activities and their cover-ups to Congress, the Pennsylvania attorney general’s office sent him a memo on November 7, 1966, barring him from testifying. The attorney general also sent a fax to Senator Specter that McLaughlin was not to appear before the Senate Intelligence Committee. No reaction from Specter.

**Threats if He Testified Before Congress**
John Kelly, Regional Director for the Pennsylvania Attorney General office, threatened McLaughlin with termination if he testified before Congress. Under federal law, this threat was a criminal act. (Title 18 USC Section 1505, 1512, 1513 and the related obstruction of justice statutes)

McLaughlin did testify in executive session (secret from the public) to the U.S. Senate Select Committee on Intelligence on January 29, 1997. No action was taken, despite the serious implications of the testimony.

Congress took no actions when Occhipinti and his group described the serious problems, after testimony by the Pennsylvania agents, or the many other government insiders described within these pages and in my other books. Members of Congress had years earlier become implicated in the underlying crimes, including drug trafficking, by their repeated pattern of cover-ups.

**Earlier Reports of Drug-Related Corruption**

In Pennsylvania Attorney General’s Office

Corruption and obstruction of justice in Pennsylvania’s top law enforcement agency existed for years. Reference is made to a friend of many years, Darlene Novinger, who is described elsewhere within these pages. She was an undercover operative working with several government agencies investigating drug-related crimes in the Pennsylvania attorney general’s office.

**Filing A Civil Rights Complaint Against Government Officials and Drug Traffickers**

In response to the obstruction of justice and retaliatory actions by Pennsylvania and federal officials, the four agents filed a lawsuit in late 1997 in the U.S. District Court for the Middle District of Pennsylvania under the Civil Rights Act and as a Bivens complaint. The complaints, filed by Pennsylvania attorneys Don Bailey from Harrisburg and Samuel Stretton from West Chester, charged the defendants with conduct that was criminal, subversive, and related to aiding and abetting the smuggling of drugs into the United States. The introductory statement in the Complaint stated in part:

*This is a civil rights complaint brought to redress, inter alia, the deprivation of the plaintiffs’ federally guaranteed interests in free speech and property. This is also a Bivens’ complaint, the gravamen of which is that a Dominican drug organization, through the protection of certain persons in the State Department and the CIA, was effective in having the plaintiffs’ law enforcement efforts stopped and their careers destroyed.*

The plaintiffs... began gathering evidence on the PRD, a Dominican political party supported by the United States, which indicated that illegal drugs were being prolifically sold at will in the United States to our Black and Hispanic populations. This money was being put into American elections.... Plaintiffs contend that they discovered a highly organized Dominican group organized as the Revolutionary Dominican Party (PRD), a political party seeking power in the Dominican Republic, that was, and is, protected and sanctioned, unlawfully, by agencies of the United States government, to include the CIA and the State Department, enabling the Dominicans to distribute illegal drugs at will to the Black and Hispanic populations of the Eastern Seaboard.

Plaintiffs also allege that in furtherance of the unlawful policy of pro-
etecting the large-scale distributors of illegal narcotics to largely captive center city populations, the defendants have utilized the offices of the United States Attorney for the Eastern District of Pennsylvania, and the FBI, to pursue an oppressive threatening investigation of the plaintiffs in an effort to destroy their Credibility and silence them.

These tactics include the ferreting out of plaintiffs’ information sources so that they may be silenced [killed] through the mechanism of a federal grand jury. They ask this Court to appoint, or urgently request, a special prosecutor, independent of the Justice Department and either political party, to investigate the cover-up they allege in order that they and some of their sources can be saved from more abuses... ask this court to issue an order forcing federal authorities to protect Confidential Informant “P-Man,” 902-96, who is now known to them, immediately.

General Allegations
In the Complaint, the four narcotic agents charged that the defendants in various combinations engaged in conspiracies to:
• Block government agents from halting the flow of illegal drugs into the United States.
• Allow the flow of illegally procured money from the sale and distribution of drugs in the United States into the political coffers of Francisco Pena Gomez of the PDR in the Dominican.
• Prevent disclosure and/or further discovery by the plaintiffs of the flow of illegally procured money from the sale and distribution of drugs by the PRD to black and Hispanic Americans.
• Discredit the plaintiffs in order to destroy their credibility and thus their ability to participate in the prosecution of drug traffickers.
• Protect the proceeds (money) of Dominican drug dealers and traffickers from exposure and prosecution.
• Protect the government conspirators, both named and unnamed, from criminal prosecution for their role in aiding and abetting the illegal sale and distribution of drugs in the United States.

“Dominicans Now Dominant in East Coast Drug Trade”
A mid-1998 New York Times article was titled, “Dominicans Now Dominant in East Coast Drug Trade.” Department of Justice personnel have played a major role in bringing this about.

Undercover Agent Speaks Out
On December 12, 1994, James Ridgway de Szigethy executed an affidavit admitting that Sea Crest had been a CIA operation, a fact that he had learned from his activities as an informant for the Naval Intelligence Service, as well as from his CIA associates.

De Szigethy also revealed that the assassination of Prince Chitresh “Teddy” Khedker in New York City was committed by CIA operative George Cobo. According to De Szigethy, the prince was a CIA operative involved in the Sea Crest operation in Canada. He said that Cobo was a Cuban national trained by the CIA. De Szigethy provided Congressman Traficant with other affidavits and documents regarding Sea Crest and the Occhipinti conspiracy. De Szigethy was previously polygraphed with respect to another affidavit he executed and
found to be truthful.

**DOJ Drops Criminal Investigation of Drug Fighters**

U.S. Attorney Michael R. Stiles issued a statement on February 18, 1999 announcing the closing of its investigation into suspected criminal activities against the four Pennsylvania narcotic agents! No mention of any investigation into the drug traffickers and the evidence accumulated against them.

**Gravity of the Implications**

The Occhipinti and McLaughlin cases provide prima facie evidence of widespread drug and other criminal activities involving a segment of the population largely composed of immigrants to the United States. Key people in this group have connections to the CIA. There were repeated cover-ups and obstruction of justice by almost every level of the state and federal criminal justice system, and a pattern of retaliation against those few government agents with the courage and integrity to carry out the responsibilities of their jobs.

**Government Agents Form Group to Protect Against High-Level Retaliation and Right to Perform Their Legal Responsibilities**

A group was formed to bring together government agents who suffered the type of retaliation suffered by Occhipinti, McLaughlin and others, called the National Police Defense Foundation, with its home office in Washington, D.C. The purpose of the association is to protect the rights of law-enforcement personnel and the public and to provide assistance, services, and counseling for law-enforcement personnel. Occhipinti is the executive director of the foundation. (National Police Defense Foundation, 1422 K Street NW, Washington, DC 20005.)

**Catastrophic National Consequences**

This attitude of New York politicians and Justice Department personnel protecting terrorists and their funding from drug activities, and retaliating against government agents seeking to meet their responsibilities, would have catastrophic consequences and again involve the World Trade Center buildings.

**The Fallout from This Widespread Corruption Would Be Catastrophic, Especially in Their Backyard**

The protection of the drug operations, part of which funded terrorist cells in New Jersey, were felt shortly with the bombing of the World Trade Center. But on September 11, 2001, the continued funding of terrorist cells through the protection of the drug operations and the prosecution of government agents played a role in the successful hijacking of four airliners by four groups of terrorists.

Their success would have been blocked if the corruption I discovered as a federal air safety inspector (and write about in Unfriendly Skies) did not exist; if the corruption in the Justice Department did not exist; if the felony cover-ups by members of Congress and many others did not exist; all of which I have documented for the past 40 years. Again and again the public—that never seems to respond to any of these revelations—pays the price. And they surely did on September 11!
Federal control of drugs goes back many years. The Federal Bureau of Narcotics (FBN) was established in 1930. Another agency to fight drugs was established in 1966, the Bureau of Drug Abuse Control (BDAC) within the Food and Drug Administration. In 1968, the FBN and BDAC were consolidated into the Bureau of Narcotics and Dangerous Drugs (BNDD) in the Department of Justice. In 1970 Congress passed the Drug Abuse Prevention and Control Act that consolidated various drug-control legislation. Title II of the Act was known as the Controlled Substance Act (CSA) and this gave Congress the authority to regulate interstate commerce relating to drugs.

This act also placed drugs into various categories based upon the dangers, the potential for abuse, and also a category for legitimate medical use. Other government agencies had drug-related responsibilities, including the U.S. Customs Service and the FBI. In 1973, the various government agencies with drug responsibilities were consolidated in the Department of Justice division known as the Drug Enforcement Administration (DEA).

The DEA is the only government agency whose sole function is to fight drugs. U.S. Customs still has this function, but it is combined with other responsibilities and is primarily focused on drugs crossing the borders. Under its dual responsibilities, the FBI retains responsibility for investigating drug-related offenses. The responsibilities of the DEA can be listed as follows:

- Investigation and initiation of prosecution of drug law violators.
- Coordination of a national drug intelligence system in cooperation with federal, state, local and foreign officials.
- Enforcement of the Controlled Substances Act.

**DEA Air Wing**

The DEA has an air wing that started in 1971 under the DEA’s predecessor agency, the Bureau of Narcotics and Dangerous Drugs. The Office of Aviation Operations has over 100 aircraft of all sizes. The Air Wing headquarters had been at Addison Airport, north of Dallas, and then moved to Alliance Airport at Fort Worth.

**60-Minutes TV Show on Government-Protected Drug Trafficking**

During a 60-Minutes television program (November 21, 1993) several DEA officials and agents revealed serious problems within the Drug Enforcement Administration. They described the CIA’s smuggling of large quantities of cocaine into the United States, the CIA’s “contacts” with Colombian drug traf-
fickers, and the obstruction of justice by U.S. officials. Robert Bonner, a former head of the Drug Enforcement Administration, and Annabelle Grimm, a DEA agent in Caracas, Venezuela, revealed drug trafficking that was protected against prosecution by Justice Department and DEA officials.

In one instance described by Bonner and Grimm, over 2,200 pounds of cocaine were brought into the United States with the help of the CIA’s station chief, James Campbell and CIA agent Mark McFarlin. Bonner and Grimm explained how CIA agents blocked DEA agents from stopping the shipment by going directly to the CIA’s top command in Washington.

Appearing on the show with Bonner and Grimm was General Ramon Guillen Davila of the Venezuelan National Guard, explaining that drugs were regularly shipped into the United States by the CIA. He described a 3,300-pound load that was so huge it would not fit into the Boeing 707 cargo door. He stated that the drug trafficking was approved by the CIA. He also stated that he had immunity and therefore was able to appear on the 60 Minutes program without being arrested.

Ooops—Sorry, A Mistake

The CIA, made aware of the 60-Minutes show ahead of time, issued a statement on November 1993 implying that the drug shipment was an accident rather than an intentional act (New York Times, November 20, 1993). Many people, and much planning, were required to smuggle this huge quantity of nearly pure cocaine into the United States and bring about its sale; it was no accident! My CIA contacts laughed at the CIA’s excuse. They recognized that the 3,300 pounds of cocaine was only a small part of the drugs the CIA smuggles into the United States every year.

Grimm described the huge warehouse in Caracas used by the CIA to store the drugs before shipment to the United States. Guillen explained how the CIA conspired with Venezuelan officials to bring drugs into the United States in CIA-controlled aircraft. At that time, Guillen was head of a joint CIA-Venezuelan task force responsible for preventing drug trafficking.

The State Department chief responsible for overseeing international narcotics matters, Melvin Levitsky, explained that an indictment against General Guillen would require the United States to cut off aid to Venezuela, and therefore no charges would be filed. Much of the world’s coca, from which cocaine is obtained, is grown in Bolivia, Peru, and Venezuela, and constitutes a major part of their income. This fact is no secret to the CIA, and the CIA relies upon these countries for much of the cocaine that it smuggles into the United States.

Mainstream Media Blackout on the Serious Charges

Very few newspapers reported anything about the serious charges made on the 60 Minutes show despite the national impact and the grave implications of high-level government involvement in a practice responsible for a major share of the crime and murders in the United States.

Standard Excuses Used for Obstructing Justice

The standard CIA excuse, when questioned about its drug smuggling, is that it is a sting operation, or the actions of a rogue agent, or to obtain information about drug smugglers. DEA agent Grimm said that these explanations were “ludicrous.” When Justice Department officials were questioned, they replied
that there was “no evidence of criminal wrongdoing.” Justice Department officials said their investigation “revealed instances of poor judgment and management, leading to disciplinary actions for several CIA officers.”

The CIA tried to show that it took corrective action when this multimillion-dollar drug shipment was discovered, stating that one CIA officer resigned, and a second had been disciplined. Surely they should face something other than a resignation or forced retirement! The CIA station chief involved in the massive drug trafficking, James Campbell, was promoted and then retired. Not a single government employee responsible for bringing this huge quantity of drugs into the United States was punished.

Many people implicated in a drug sale, even as little as the size of an M&M, or who were present when others were talking about drug sales, have been sentenced to many years in federal prison. Surely, a government official, in a position of trust, who commits a similar offense, should receive a greater sentence. A government official, responsible for several million times the amount of drugs ordinary drug traffickers deal with, under the law, should receive a similar life sentence.

“I Think They Made A Mistake,” Lapdog DeConcini Said

When asked by Mike Wallace of 60 Minutes about the CIA drug smuggling, Senator Dennis DeConcini, replied, “I think they made a mistake.” DeConcini helped protect the massive looting of the savings and loans, and covered up the criminal activities that I reported to him over a period of many years. DeConcini did admit that the “mistake” allowing over a ton of cocaine to reach the United States “can kill people, and probably did.” The senator, a former prosecutor, excused the failure to prosecute any of the CIA people responsible for bringing in the 3,300 pounds of cocaine, a tiny fraction of which would cause an ordinary citizen to be imprisoned for life.

“Biggest, Whitest, and Deadliest Lie Ever Perpetrated on U.S. Citizens by Their Government.”

Michael Levine, a twenty-five-year veteran of the Drug Enforcement Administration (and prior drug agencies), authored the 1993 book The Big White Lie, exposing the drug trafficking sanctioned by federal officials. The former DEA agent wrote that the so-called war on drugs is the “biggest, whitest, and deadliest lie ever perpetrated on U.S. citizens by their government.” He described how the CIA, the DEA, and other intelligence agencies blocked investigations and prosecution of high-level drug traffickers. Levine described how the CIA was primarily responsible for the drug epidemic as seen from his perspective.

Levine repeatedly uncovered CIA links to drug trafficking while he was a DEA agent. He discovered the CIA was primarily responsible for the burgeoning drug activity from Central and South America into the United States, and that the biggest drug dealers were CIA assets. He found that federal judges and Justice Department prosecutors dropped the amount of bail for high-level drug traffickers who were CIA assets, allowing them to flee and escape prosecution.

CIA Supported Drug Traffickers Seizure of Bolivian Government

Levine said the CIA supported drug traffickers who then seized control of the government of Bolivia. He went into detail concerning how the top people
involved in drug trafficking, such as the Bolivian government officials, were protected against exposure and prosecution by DOJ personnel because many were CIA assets.

He wrote that U.S. officials are “afraid the world would find out there wouldn’t be a cocaine government in Bolivia if it wasn’t for the CIA.” He described how senior DEA and Justice Department officials “intentionally destroy drug cases” and put conscientious DEA agents at risk, even causing their deaths. Levine explained how major drug cases involving CIA assets receive little or no media publicity, thereby protecting the CIA’s criminal activities. Levine stated in his book the problem with raiding suspected drug labs. He said that when the site was raided there was evidence of a prior drug lab, but it no longer existed; the drug cartel having been warned of the planned raid.

**Failed Drug Raids**

One of my contacts that worked for the DEA told me why this occurred. Basil Abbott, a DEA contract pilot, would be told about the raid by DEA personnel and instructed to pass this information to his contacts in the foreign government, who would then warn the drug cartels. Abbott said that among the people he warned of impending drug raids were Sonia Atala and her husband, Walter. Levine described the huge drug trafficking by Sonia and Walter Atala and how the CIA, DEA, and the Justice Department protected them.

Abbott spoke Spanish and had become friends with key government officials throughout South America. During several years of frequent contacts with Abbott, he described the guns that he and other government contract agents flew to Central and South America for the DEA, and the return flights loaded with drugs, often unloading them at the DEA facility north of Dallas at Addison Airport.

**Justice Department Obstruction of Justice**

Levine wrote about the situation that I encountered over a 30-year period, commencing while I was a federal investigator. When Levine sought to expose drug trafficking by CIA and DEA assets, Justice Department personnel harassed him and even threatened to put him in prison on bogus charges.

**DEA And State Department Protecting Burma’s Drug Lords**

DEA Agent In Charge, Richard A. Horn, based in Myanmar (formerly Burma), reported the involvement of U.S. officials in drug trafficking and sued former State Department and CIA officials in that Asian nation for subverting his official drug fighting activities (Wall Street Journal, October 27, 1994). Horn’s lawsuit charged that State Department and CIA officials retaliated against him because his exposure of drug traffickers interfered with their protection of the lucrative Burma drug output. Myanmar reportedly produces over half the heroin on the world market.

Horn charged that the State Department’s chief of mission in Myanmar, Franklin Huddle, Jr., worked with the CIA station chief to sabotage Horn’s antidrug efforts, and tried to bring about the death of an informant who had been assisting Horn in his activities.

**Wall Street Journal Article Reported Similar Conflicts**

Clashes between conscientious government agents and corrupt government personnel are common. A Wall Street Journal report (October 27, 1994) made
reference to various DEA agents whose efforts have been blocked by CIA officials:

*Drug-enforcement agents and CIA officers have clashed in Venezuela, Colombia, Haiti and other countries where military and government officials have been accused of complicity in the drug trade.*

**National Security Council, Vice President George Bush, and Drugs**

DEA Supervising Agent In Charge, Celerino (Cele) Castillo, had repeatedly reported the large amount of cocaine being smuggled into Florida, Texas, and California by mercenary pilots used by Oliver North. In an interview with *The Texas Observer* (Associated Press, June 17, 1994), and as written in Castillo’s book on drugs, *Powderburns*, Castillo stated that he observed large quantities of drugs shipped to the United States through Ilopango Air Force Base in El Salvador.

He said that in 1986 he reported these findings to his superiors in the DEA and to the U.S. ambassador to El Salvador, Edwin Corr, with no reaction. Castillo stated that he told Vice President George Bush about the drug trafficking during a cocktail party in Guatemala City (1986) and that Bush “just smiled and walked away from me.”

Castillo said that when the drugs were unloaded at drug transshipment points, CIA-affiliated trucking companies transported the drugs throughout the United States, and that organized crime took most of the drugs upon arrival in the United States.

**Supervisor of DEA’s Air Wing Describes DEA Corruption**

For several years I had been communicating with William Coller, formerly a supervisor at the DEA’s Air Wing based at the Addison Airport north of Dallas, Texas. (It has since been moved to Ross Perot’s Alliance Airport at Fort Worth.) Coller wrote the DEA’s flight manual, “Flying in Latin America,” and was among the first DEA pilots to fly DEA aircraft into Latin America on undercover operations.

“If the People Only Knew...”

Coller brought out another side to the drugs secretly flown into the United States by government agencies and people who seized control of them. In one letter, Coller wrote, “If Congress and the people had any idea of just how rampant the corruption was inside the agency they would be shocked. The corruption is widespread and its extent is known only to those at the highest level of the internal affairs division in DEA headquarters.” He said that despite international law to the contrary, DEA planes were constantly flying without permission into the airspace of other countries. He described how DEA planes flew hundreds of miles into Mexican airspace chasing drug planes and working on undercover operations. Coller described the routine over flying of Colombian airspace by DEA aircraft, stating he did it himself. He described how DEA planes flew at night in and around major airports with their lights off, creating danger of a midair collision.

He described one flight into Mexico in a DEA Convair 240, landing at an

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32 CIA contacts identify some of the CIA-related drug haulers: MNX Trucking; Jayes’ Truck Driver Training School; Jiffey Truck Driver Training School; and Zapata Trucking Company, a division of the Zapata Corporation in Houston.
airport when suddenly armed Mexican units surrounded the plane. All the DEA agents on the plane had guns, which was strictly illegal under Mexican law. The heavy airport security was due to the president of Mexico arriving. The heavily armed DEA agents remained hidden in the plane, avoiding a confrontation. Making this an especially difficult situation, the DEA flight had not received approval from Mexican authorities to fly into Mexico. Mexicans are very conscious of the sovereignty of their nation.

**Bribing Foreign Police to Kidnap Local Citizens**

Coller described flying a DEA DC-3 to Haiti to pick up seven people who had been arrested by Haitian police at the request of the DEA, and then flying the kidnapped Haitians to the United States in the middle of the night. The Haitian police were bribed to carry out this illegal international kidnapping. Coller continued:

_I was fed up with the mission, the lies, and the politics. It is an easy jump to go from a government-sanctioned illegal operative (who is doing so many things illegal under the auspices of the government) to one who is operating outside the law—only, this time for himself._

US government agencies do many illegal things. They illegally enter other countries. They conduct illegal over flights. They spy. They subvert. They lie; they cover up; they plant dope and false information; they install illegal listening devices and illegal beepers; they threaten, and they plot to involve other family members in crimes so that they can convince the main person to plead guilty rather than take the case to court, so that the government will release his wife and children.

**[Fabricating Evidence]**

Agents fabricate and exaggerate evidence. They talk to each other during court when they know they should not. That is, when they were to have been sequestered and ordered by the court not to compare or share testimony with one another. They kill when they shouldn’t. Waco, Ruby Ridge, etc. They beat people and lie about it. They use illegal weapons. They lie on their travel vouchers. They fly illegally equipped aircraft and violate many of the FAA’s rules, which others would go to jail for if caught. They ruin lives. I have seen the deliberate destruction of property during the execution of search warrants, and the theft of property during search warrants. I have seen it all.

They will let one smuggler go to catch another one. Or they will ignore, excuse, or pay, one drug smuggling group in exchange for favors concerning spying, terrorist acts, fighting communism, etc. Examples: Sammy the Bull Gravano was excused for 19 murders in exchange for his testimony against Gotti. Revolutionaries in some countries are permitted to harvest and sell their opium in exchange for their cooperation in combating an incumbent government considered hostile to the U.S. interests. Bottom line is that an agency such as the CIA often finds itself pitted against other enforcement agencies with a completely different agenda.

**DEA Personnel Paid by Drug Cartels to Ignore Drug Activities**

Coller said he was surprised to learn that many DEA resident agents assigned to foreign offices (attaches) would find all types of reasons for not co-
operating or assisting with a drug case in their area of responsibility. He said that some of these agents were paid by drug cartels to look the other way, not to make any arrests, and not to make any damaging reports. Coller said that, as in the United States, “Token busts of small people were arranged to make things look good. Cocaine labs, little more than a hole in the ground filled with coca leaves, were discovered and reported so as to make things look good. Staged events.”

**DEA Role in Torture**

Coller said that the DEA agents did not have to commit torture, “The locals did it for us. They used stun guns against Americans. We watched them brutally torture others—usually their own citizens. We often violated U.S. laws barring torture, just by being present, by condoning, and encouraging the practice.”

**Camarena and Coller Witness Mexican Torture**

Coller described a torture incident that he and Enrique “Kiki” Camarena witnessed in Mexico. Coller had flown two Mexican federal police officers to an area near Mazatlan looking for a marijuana distribution ring. In a small village they broke into a home and started torturing the father. Coller explained:

*The Mex-feds grabbed the homeowner, stripped him and threw him onto the floor, on his back, naked. One fed held his head, another his feet, while another sat on his chest and began to interrogate him. Another went into the kitchen and mixed up a concoction of soda and peppers in what appeared to be a wine bottle with a long neck. A wet T-shirt was placed over the man’s face and his mouth was stuffed full of some form of cloth. The interrogation continued.*

*When the man refused to answer correctly, the Commandante sitting on his check began to slap his face while another poured the liquid mix down his nostrils. He held his breath for a while. That is, until the fed holding his feet gave him a strong charge of electric current to his testicles with his cattle prod. The subject gasped, drew the lethal mix into his lungs and began to choke violently. A few more slaps and punches. A couple more charges from the prod.*

*The man talked. Kiki Camarena was with me when this occurred. I was tempted to write the people who produced “The Camarena Story” to let them know the “other side of the story.” Kiki routinely witnessed such atrocities and eventually died at the hands of another torturer, from the other side. Kiki was one heck of a good agent. A handsome, intelligent, and charismatic man whom I admired. But I’ll never understand why he tried to take on the Mexican traffickers alone. He, better than anyone else, understood the Mexican mentality about such matters and had to know he couldn’t win. They killed him.*

Coller said that Camarena, with whom Coller had worked, often made illegal surveillance flights into Mexico. Coller was told that the United States paid $50,000 to Mexican police to kidnap and turn over to U.S. agents the doctor who participated in Camarena murder. During another conversation with Coller he went into more details about Camarena torture and murder.

*Kiki knew too much about everything. The main story is that he hired a Mexican pilot that flew him around in Mexico locating all the opium,*
poppy, and marijuana fields. He put the heat on certain people, the big guy, Caro Quintero (sp). He’s the guy that was controlling those fields. And he was right next to top ranking Mexicans politicians and officials. And so, Caro Kintero got together with some other people and they hired some acting and past members of the Mexican federal judicial police to kidnap Kiki. Then they took Kiki and his pilot and tortured them both. And that stopped the investigation into a major major big time smuggling operation.

Coller described how the bodies were dumped on a road and then the excruciating nature of the torture was discovered. Wood sticks had been jammed up into his rectum and internal organs punctured, parts of his skin was ripped off, and other tortures that Latin American police, military and crime groups routinely perpetrate. (Including that which is taught by the CIA’s School of the Americas.)

Spraying Dangerous Chemicals on Foreign Citizens
Coller described the complaints that people in foreign countries made to him about U.S. spraying of dangerous chemicals on the crops:

I have been asked, “How would you like it if a group of Bolivian agents came to your town with noisy helicopters and began spraying poisonous chemicals on your crops, in your backyard, on your children? You’d be furious. Well, so are we. You have no business coming to our country spraying us with poison.” To survive those many years in government work meant I had to get my act right. In so doing, I unwittingly poisoned my own mind, lost all I had, and must spend many years locked up. Am I solely to blame? Did the government share in this process of warping my perception of right and wrong? I think so. We were made to believe we were above the law.

“Drugs were brought into the DEA Air Wing headquarters.”
Contract pilot Basil Abbott told me about flying drugs from Central and South America to the DEA hangar at Addison field. I asked Coller about Abbott’s statements and other information that I had received about DEA agents smuggling drugs into the United States. Coller admitted, “Yes, drugs were brought directly into the DEA Air Wing headquarters in Addison, Texas.”

Government Agents Stealing Part of Seized Loads for Themselves
Coller described how government agents diverted some of the drugs they seized to their own use, knowing that those who had been caught with the drugs would not complain since the smaller amount of drugs often lessened the prison sentence. He described how government agents and confidential informants would set up a crime operation and then induce people to be part of it. In other words, government agents would induce people to commit some type of drug-related offense that they would otherwise not do except for the coaxing and pressure of the agents or their informants.

Drug Trafficking Through Waco Airport—Bigger than Mena
Referring to the infamous Mena, Arkansas airport, where a great amount of CIA drugs passed during the 1980s, Coller said:

I can tell you that Mena in no way compares with what’s happening in Waco. Waco is a big, major, heavy-duty, paramilitary operation. They take up one whole side of the Waco operation. Major operations run out of there
with big aircraft to all parts of the world. It is no secret that the spook shop uses Waco. Everyone on the field knows it and speaks about it in hushed voices.

**Coller Explained How the End of his DEA Career Occurred**

Coller said that he was arrested while he was a DEA supervisor, doing something that he knew was wrong. He described flying a load of marijuana into a small landing strip on a ranch several miles west of Corpus Christi. Customs undercover agents induced him to fly the marijuana and provided the landing strip for him to use. Customs allowed the first load to hit the street with plans to induce Coller to fly a cocaine load in on the second flight, which would permit them to file more serious charges against him with a life-imprison sentence.

Coller refused to fly the cocaine load that the undercover agent sought to have him do; Coller felt marijuana was satisfactory, but not hard drugs. Customs even offered to provide their own plane and a pilot to go with him. Again, Coller refused. Satisfied that they could not induce Coller to commit a greater offense, they charged him with trafficking in marijuana.

In trying to capture him, the government had Coller on their “Top-Ten” list, offering $10,000 reward for information leading to his arrest. He said prosecutors don’t give a second thought to the families that are destroyed when they charge an innocent person or greatly enlarge the charges over what actually existed.

**Using Private Sources Permits Committing Unlawful Acts**

Coller explained why the government offered $10,000 reward for his capture, which got bounty hunters into the act. Government agents are more restricted to lawful means to bring about a person’s arrest, but bounty hunters usually violate these protections. Since government personnel are not directly involved in bringing about a person’s capture, they can also say that they did not know or approve of the methods used. This is the same philosophy used by the CIA and other covert operations. By having cutouts, contract agents, or fronts doing the dirty work, the government can always deny any knowledge or authorization in failed or exposed covert operations. Deniability or disavow are the terms used. Coller admitted he did wrong. But he also revealed much of what is wrong elsewhere:

_I can state with certainty that spending many years violating the law in order to enforce the law altered my behavior, changed my perception of right and wrong, all of which led to my violating the law. There are lots of dirty agents for one reason or another. I regret with all my heart that I ever worked for DEA; it is a stupid job. We were vastly overpaid for what little we did._

_It ruins families, it poisons minds, it is a meaningless, misguided enterprise, and when I look back over my life I see nothing that I’m proud of. I did nothing constructive or positive. What I did was put many people in jail for victimless crimes. Realizing now what they all went through, and how many families I destroyed, gives me no satisfaction whatsoever. Like a child, I played cops and robbers at taxpayers’ expense and wasted a good part of my life. We changed nothing. And I sold my soul to the government_
Making a Study of Role Reversal

While in prison, Coller made an intensive study of role reversal among government agents, and studied the work of Professor Albert Bandura of Stanford University, believed to be the world’s leading authority in the field of cognitive psychology. Coller wrote a 23-page treatise on how a government agent’s behavior is affected by the type of undercover work he does. Coller wrote about the many years of undercover work he did for the DEA, including the lying, perjury, unlawful and corrupt activities requested by government prosecutors.

Transfer of Values

He wrote of the transfer of values when, as a DEA agent, he acted like a smuggler to catch smugglers. He associated with Mexican police while they tortured their own citizens. He led a life of deception. He associated with Mexican police while they tortured their own citizens. He led a life of deception. He cited studies showing how government agents in these positions take on the identity of the groups they are infiltrating. He described the problems that “develop when agents with the CIA or DEA for example are trained and programmed to perform anti-social, subversive or illegal acts,” and how this changes their behavior and thinking.

Witness the Donny Brasco affair in which the FBI’s deep-cover agent began to identify with his Mafia targets. He lost his identity, committed many crimes, and was protected from the legal consequences so that the FBI could continue using him as a witness.

Executioners for the Government

They become desensitized to “behavior that is dangerous, repugnant, even illegal.” His treatise compared the changes to the psychological treatment the CIA had conducted years ago to alter the behavior of certain individuals. It is a form of brainwashing. He cited studies showing how behavioral changes take place in such people as Navy Seals, Army Rangers, Special Forces soldiers, CIA operatives, and DEA agents who become “executioners for the government.” He described how outrageous behavior is justified under such high-sounding terms as “freedom, democracy, police action, or the war on drugs.”

Role Reversal for Government Agents: Acting Like Criminals

Coller described how undercover agents of various agencies become so involved in their work that they unwittingly poison their minds and become like the people they are working against. Dr. Michel Girodo, psychologist for the FBI, has written about this extensively. Coller explained and repeated some of Dr. Girodo’s writings:

*Our government has trained thousands of undercover operatives. Many of them, particularly those on the front line with DEA and CIA; those who specialize in undercover operations, do change. They destroy their own minds in the process. Right and wrong get mixed up. Black and white are replaced with various shades of gray.*

*The street always rubs off on the agent; it is never the other way around. The wrongfulness of certain acts no longer registers because many of these agents have been living a “lie” and violating the law in order to enforce the law. They become desensitized to their own misconduct and*
sometimes lose their identity. Few people realize how bad it is. The bottom line is that our government is steadily creating hundreds of rogue cops by teaching them the tradecraft of lies and then paying and rewarding them for such illegal behavior.

These agents will never be the same. They will never look at life normally. Under a very thin veneer of civility lies a rogue warrior in all of us who have been subjected to the big government school of smugglers, liars, subversives, and cheats. One simply cannot play that kind of game, live that kind of lie, behave as a criminal, and not be affected. Their families see the changes.

[Unlawfully Seizing Aircraft and Other Assets]

Illegal aircraft seizure happens when agencies fabricate evidence. A case I am familiar with went like this: The agent looked through the aircraft window and could see nothing [to justify searching the aircraft]. He broke into the plane anyhow, making an illegal search without a warrant, looking for evidence. He saw what appeared to be a marihuana seed. The seed was repositioned so that it could be seen from outside the window. Other agents were brought to look at it. All seemed to think that it looked like a seed.

A warrant to search the plane was obtained and a search ensued. Nothing could be found, so a vacuum was brought in and the carpet of the plane was vacuumed. Three seeds were found. (One turned out to be a small stone that looked like a seed.) The two seeds and a spoon full of dust were sent to the DEA lab and they determined through sophisticated testing that, indeed, there must have been marijuana in the plane at one time.

The plane was a twin-engine Piper Seneca. It was seized. The owner went to court and contested the seizure. Agents testified that they saw the seed through the window. It never came out that the seed had been positioned to be seen before other agents arrived. 51/1000ths of a gram of so-called marihuana residue was found.

The law does not specify how much dope must be found; only that drugs were found in the plane. The seizure was upheld by the court and the person lost the plane. The entire affair was bogus. That is often how it works. The courts in their mistaken belief that agents tell the truth, believed them. The law itself is horrible in that it allows such abuse of power. One must always remember that agents believe that “the end justifies the means.”

[Turning These Creatures Loose Upon Society]

The government trains and employs thousands of undercover operatives in a wide variety of its agencies. DEA, ATF and CIA are among the worst offenders. But all the other agencies suffer from the same problem: FBI, IRS, Customs, and agents of the various military intelligence agencies. The government creates these undercover creatures and turns them loose on society. Our own citizenry becomes victim to these often ruthless operatives, whose minds have been poisoned and whose tactics are bound only by their imagination.
Fearful of Being Rearrested

As with most released prisoners, it is very easy to be rearrested. Many rights enjoyed by other people do not exist for released prisoners, and any minor “infraction” gives government agents the opportunity to put someone back in prison, which it appears they enjoy doing. Coller wrote:

*I’ll be out of here in six weeks. The cops are already expecting me and will probably try to set me up. I told you that back in 1990 Customs agents tried to entice me into flying a load of cocaine for them, which would have resulted in a life sentence for me! It was their idea; their dope; their plan. All I had to do was agree to fly it and I would have been hit for life. In fact, I would not have needed to even make the flight; just agree to do it. It was that close.* [The same southwest Customs region had Richard Pitt and Rodney Matthews flying drugs for them, as described in other pages.]

Coller was released from prison on March 1, 1999. Coller had been arrested and convicted in 1992 and spent seven years in prison. He vowed to never again get near drugs. As with many others whose names appeared in my books, they broke off all communications, strongly suggesting that government agents threatened them with retaliation if they ever again provided me any information.

DEA Drug Trafficking and Murder in Mexico?

Another bizarre side to the DEA’s involvement in drugs was explained to me in 1998 by Rumaldo Solis, who was a 15-year veteran of the U.S. Immigration and Naturalization Services (INS) until he discovered a very serious matter involving DEA drug trafficking and murder in Mexico. His attempts to have that investigated caused him to lose his job and to be falsely charged with a drug offense and sentenced to prison.

Solis was on duty at Port Hidalgo, Texas, when a series of events started unfolding that had profound international implications and would disrupt, if not destroy, his family. The events started one night while on duty when several Mexican nationals came to his office and reported the corrupt involvement of U.S. government personnel in drugs.

The spokesman for the group was a Mexican national by the name of Garcia. Because Solis was himself formerly a Mexican citizen, the Garcia felt confident revealing what he did. Speaking in Spanish, Garcia described in great detail a drug trafficking operation and murder at a mountainous airstrip near Los Mochis, Mexico involving a DEA agent. (Los Mochis is located along the Eastern Shore of the Gulf of California.)

Hired in Los Mochis

Garcia described how he, his brother, and several other Mexicans were hired in Los Mochis by a Mexican national who identified himself as the “capataz” (Mexican for foreman or supervisor). The capataz was hiring men to transfer cargo between aircraft at a remote mountain airstrip about two hours drive from Los Mochis.

At the airstrip, the cargo handlers off-loaded cocaine and marijuana from aircraft arriving from Colombia and other South American locations onto aircraft and 18-wheeler trucks going to the United States. They also off-loaded from aircraft arriving from the United States pallets of money and 55-gallon
drums of chemicals for processing cocaine.

**DEA Drug Smuggling Operation in Mexico**

Garcia described the day that transfer of drugs between planes was delayed until the arrival of an aircraft from the United States. When that plane arrived, three people jumped from it and headed to a nearby warehouse. As one of them jumped, his wallet fell from his pocket, without being noticed. This wallet was picked up by Garcia’s brother, who then went into a nearby storage area and looked at the contents. He and several other cargo handlers saw a government identification card stating, “Drug Enforcement Administration” on one side and on the other side a picture and name of a DEA agent: George Cons.

**Missing Wallet Discovered**

Garcia said that when the DEA agent discovered his wallet missing, the foreman ordered the cargo handlers to stand facing a wall, after which they were searched. It was found in the pocket of Garcia’s brother. At that point, Garcia said, sobbing, the DEA agent pulled out a pistol and shot his brother in the back of the head, killing him instantly. The foreman then ordered the cargo handlers to bury the body.

**Making Their Escape**

The laborers were heavily guarded to keep them from escaping, possibly to prevent information being revealed about the drug trafficking operation or the murder. About three months later, several of the laborers escaped, making their way to the INS station at Port Hidalgo, near Brownsville, Texas, where Solis was on duty. The distraught and crying Garcia, who has lost his brother, described in detail the drug smuggling operation and the killing.

**Mexican Drugs Going to United States via Planes and Trucks**

Garcia described what happened the day his brother was killed. He described how the cargo handlers overheard conversations indicating the destination of some of the drugs going to the United States via U.S.-based aircraft and 18-wheeler trucks. They overheard truck drivers referring to a company known as “FRUTIKO,” which Solis understood to be a Japanese company with plants along the Mexican border that processed frozen fruit and shipped it in 55-gallon drums. These products were then shipped into the United States via various border crossings, including Reynosa Tamalpia, where Solis was on duty.

After listening to the description of the drug-smuggling operation, Solis called DEA Special Agent Gary Morrison in nearby McAllen, Texas, explaining what he was told. Morrison advised he would be there within an hour.

Acting as translator during the interview, Solis made notes of what he was being told. Garcia stated that various types and sizes of aircraft went through this remote airstrip, including corporate and airline types. Solis said that Garcia told him the planes arriving from South America had registration numbers on the side starting with the letters HK and XA, among others. He said some of the planes were painted green and the pilots of the planes coming from the south were Hispanic and Anglo American.

**EPIC Inquiry**

During the interview, Morrison contacted the central record office at El
Paso, Texas, called the El Paso Intelligence Center (EPIC)\textsuperscript{33} and made an “Ep-\textsuperscript{ics}” inquiry. This confirmed that a George Cons was a DEA agent assigned to the Arizona area.

**Start Of DEA and Multi Agency Cover-Up**

Despite the enormous sensitivity of the information provided, Morrison instructed Solis to tell the Mexicans to go back to Mexico and that they would be called if needed. As a trained and highly experienced investigator, Solis recognized this was the beginning of a cover-up. An investigator doesn’t tell such an important witness in such an important matter of national magnitude to leave the country, where the witness would most probably not be available again, and where he would probably be murdered to silence him.

Solis made notes during the interview, writing down the names and addresses of the witnesses. Before leaving his office that night, Solis made a copy of his notes, leaving the original in his office mailbox, in the presence of DEA agent Gary Morrison, and put a copy in the glove compartment of his car.

**Missing Report**

Upon returning to his office the next morning, Solis discovered his report had been removed and in its place was a copy of a drug trafficker’s Mexican birth certificate from the State of Tamaulipas, Mexico. Solis felt whoever took his notes was leaving him a message: back off!

Using his copy of the notes, Solis typed a report, which he then took to the port director, Hilda Trevino. In the office with Trevino was recently retired port director Herb Best. Solis described to them the contents of the report and his interview the night before.

**Keeping the Issue Alive**

When Solis did not hear anything further on his highly explosive report, he made several inquiries of his supervisors about the status of any investigation. He started receiving warnings from INS and DEA personnel that it would be in his best interest to forget about it, which he refused to do. He continued to question the lack of activity on the matter.

**FBI Agent Warning Solis to Forget the Matter**

When Solis refused to remain quiet, he started receiving anonymous telephone threats. Government personnel warned him to remain quiet. (Reminds me of old times in the Federal Aviation Administration !) FBI Special Agent Orlando Munoz from the McAllen office visited Solis in early 1993, warning Solis that he had been told “too many times to shut up and forget the whole af-\textsuperscript{fair}.” Threatening a government agent to prevent him from reporting a federal crime is a criminal act under Title 18 USC Sections 1905, 1912, and 1913.

**Start of FBI Retaliation Against Solis**

Munoz, acting under U.S. Attorney Melissa Annis, obtained court authorization to put a recording device on Solis’ home phone, giving false information to Chief District Judge Norman Black to justify the court order. Munoz claimed

\textsuperscript{33} EPIC, or the El Paso Intelligence Center, houses members of most of the large law enforcement agencies, including the DEA, FBI, Customs, FAA, Coast Guard, ATF. It is designed so that a government agent can make one call and find information pertaining to a particular individual or group, or any other matter relating to law enforcement.
that Solis was a nephew to major drug trafficker Juan Garcia Abrego.

In December 1994, FBI Special Agent William Vanderland obtained a search warrant for Solis residence and carried out a typical blunderbuss attack on his home, breaking down the door to carry out the search rather than knock. Solis’ son, clad only in his underwear, had a large-caliber gun put to his head by FBI Special Agent Lamar Pruitt, who then ordered the young boy outside the house.

Three FBI agents in the paramilitary force from the McAllen office, Orlando Munoz, William Vanderland and Charles C. Gregorski, searched Solis’ residence and seized his records, including his copy of the report about the DEA drug smuggling operation and murder in Mexico.

**FBI and U.S. Attorney Team Fabricated Charges**

Acting in typical unison, FBI agents and the U.S. Attorney fabricated charges, accusing Solis of drug-related offenses and using a government computer to facilitate drug smuggling. The DEA stayed out of the prosecution, preventing Solis from claiming retaliation for having reported the DEA drug smuggling operation.

**Attorneys Protecting Their Government Relationship**

Trying to obtain competent and trustworthy legal counsel against the charges, Solis went through three attorneys, each of whom sought to protect close relationships with government attorneys by urging Solis to plead guilty. One attorney even threatened Solis’ family when Solis objected to pleading guilty. However, one of Solis’ attorneys requested from the DEA a copy of the report that Solis had written that had been sent by Gary Morrison to the DEA internal affairs in Washington. The response came back that the report was lost.

**Caving in to Government Corruption**

During the jury trial with a lackadaisical public defender, the federal judge refused to allow Solis to present government witnesses. After the prosecutor threatened to charge Solis’ wife with criminal offenses, Solis caved in and pled guilty to one count.

**Family Breakup Following Attempts to Report Drug Offenses**

Solis described how his family suffered following his arrest and incarceration. Their “friends” no longer wanted anything to do with them. Government threats and harassment caused his daughter to have a miscarriage. His son was forced to drop out of college. Solis’ insurance company canceled his auto and home insurance because he was convicted of a felony. Financial chaos followed.

**Useless Appeals to Congressional and Media Checks & Balances**

Solis sent many letters to members of Congress and to the media, describing the DEA drug smuggling and the killing of a Mexican in Mexico by a DEA agent. No response. He sent a May 4, 1998 letter to Congresswoman Maxine Waters and got back a form letter thanking him for his information. (I had first contacted Waters in the mid-1980s while she was a California state representative. Except for her loud rhetoric, her refusal to use documented evidence of government agents hasn’t changed to this day.) Solis wrote to his Washington representative from Texas, Solomon Ortiz, and received no response. The congressional indifference and cover-ups that Solis encountered were the same re-
action encountered by countless other government agents who at risk to themselves sought to bring high-level government corruption to the attention of those having a responsibility to act.

**Notifying Mexican Officials of U.S. Drug Trafficking and Murder**

The criminal activities Solis reported had serious international ramifications that should have been of major interest to the Mexican government. Solis wrote letters to Mexican officials describing the DEA’s drug operation in Mexico and the killing of one of their own citizens in Mexico by a U.S. agent. None responded.

**Mexican Journalist Responded—Followed by His Death**

In March 1997, Solis reported the DEA’s crimes to Mexican journalist Benjamin Flores Gonzales, a reporter for *La Prensa* in the Sonora area of San Juan Rio Colorado. Flores started investigating the Solis matter, trying to find the Mexicans who had gone to the Port Hidalgo station. Flores’ activities constituted a threat to the DEA’s drug smuggling operation.

The fatal bullets came on July 15, 1997. Flores was gunned down outside his office in San Juan Rio Colorado, killed by nearly two dozen bullets from an AK-47 into his back and face. That ended the investigation into the DEA drug smuggling operation. Ironically, when I received a Mexican newspaper article describing his death, the same article described the killing of another person described within these pages, Esteban Borges Figeroa, whose death was brought about by Justice Department sabotage.

**Mexican Governor Accused DEA of Protecting Drug Cartels**

Solis called the governor of the Mexican state of Sonora, Manlo Flavio Beltrones, at Hermosillo, and spoke to his secretary, Rosie. Solis said that an explanatory letter was on its way. Beltrones never acted on Solis’ information. A few days later, Beltrones accused the DEA of protecting a major Mexican drug smuggling group, the Amado Carrillo Fuentes organization, and furnishing them with information to protect their drug operations.

**Joint Mexican-U.S. Drug Involvement?**

One explanation for Mexican officials not responding to the report of a DEA drug trafficking operation in Mexico and the murder of a Mexican national by a DEA agent could be that both Mexico and U.S. officials were involved in the drug trafficking.

**Solis Still in Prison**

In 1999, when this edition was printed, Solis was still in prison and nothing had been done about the DEA drug smuggling operation in Mexico or the murder of the Mexican national by either government.

**Putting Government Officials on Notice**

Despite encountering 30 years of government cover-ups, I decided to put U.S. officials on notice, I sent a May 24, 1998, certified letter to Attorney General Janet Reno describing what INS agent Solis had discovered and reported as part of his official duties. I also included a copy of Solis’ affidavit and a near duplicate of Solis’ original report. There was no response, despite the gravity of the information.

Seeking to circumvent the cover-up by U.S. officials, I put Mexican officials on notice of the reported DEA crimes committed on Mexican territory,
thinking they would have to respond because of the gravity of the matter. **Requesting Solis to Prepare a Duplicate of the Report**

Because the INS, DEA, and FBI had hidden Solis’ explosive report and seized his copy during the search of his home, I asked Solis to prepare another one based upon his memory. Although many particulars could not be remembered, such as the Mexican’s home address and phone number, Solis prepared the report, a copy of which follows:
DECLARATION/AFFIDAVIT

I, Rumaldo Solis, under penalty of perjury, declare:

The intent of this declaration/affidavit is to:

• Expose a major drug smuggling operation directly involving an agent of the U.S. Drug Enforcement Administration.

• The deliberate murder of a Mexican national by an agent of the U.S. Drug Enforcement Administration, perpetrated in Mexico, to cover up for the involvement in a major drug smuggling operation with international implications and that agent=s involvement or control of the criminal enterprise.

• The felony cover-up of these activities by agents of other agencies of the U.S. government, including various divisions of the U.S. Department of Justice, including the Federal Bureau of Investigation, U.S. attorneys, Drug Enforcement Administration, and the Immigration and Naturalization Service.

• It is my belief, that for the good of the United States and Mexico, and in the interest of justice, that I make these facts known, and for these facts and this declaration-affidavit to be used by investigator and activist Rodney Stich to accomplish these goals.

I was an agent for the Immigration and Naturalization Service from 1981 To 1995, having 15 years of experience as a government agent. My relationship with the INS during this time was entirely satisfactory, until I discovered a major drug smuggling operation involving a DEA agent by the name of George Cons. When I made an official written report of what I discovered, and pursued the matter after encountering a cover up by INS and Drug Enforcement Administration officials, I was threatened with retaliation and job action by various people, including agents of the Federal Bureau of Investigation. They warned me that if I continued to report and inquire about the official drug-smuggling report I had previously prepared that I and my family would suffer the consequences.

That official government report not only included a major drug smuggling operation into the United States, involving an agent of the U.S. Drug Enforcement Administration, but also the killing of a Mexican national by a DEA agent. In addition to that report, the matter subsequently involved official cover-up and obstruction of justice by agents of the Federal Bureau of Investigation, Immigration and Naturalization Service, the Drug Enforcement Administration, followed by further cover-ups involving a U.S. attorney and other officials in the U.S. Department of Justice.

When I continued trying to meet my federal responsibilities as a federal agent and sought to have the drug smuggling operation and murder investigated, false charges were filed against me by the FBI and U.S. Attorney. Because of threats upon me and my family, and the refusal of my attorneys to raise a meaningful defense, I pleaded guilty to one charge.

The following is a brief description of the official report that I prepared exposing a major drug smuggling operation, the murder of a Mexican national, implicating a DEA agent:

At some time in 1989, the exact date I cannot recall, while I was on duty in the INS office at the Hidalgo Port of Entry station near McAllen, Texas, a Mexican national came into the office and provided me detailed information about a major drug smuggling operation and the killing of his brother by a DEA agent. I prepared a written report of what this witness stated.

The witness said that he, his brother, and a group of Mexican nationals, were working at a remote mountain airstrip in Mexico, at which large aircraft arrived from South America loaded with drugs, and large aircraft arrived from the United States.
States carrying 55-gallon drums of chemicals, and money to pay for the drugs. Their job was to unload and load drugs, chemicals, and money between aircraft arriving from Central and South America and the United States.

This witness described how the drug transfer between several aircraft were waiting the arrival of the person apparently in charge of the operation. When that plane arrived, and that individual got off the aircraft, his wallet fell out of his pocket. That wallet contained a government-issued photo and identification of George Cons, an agent for the Drug Enforcement Administration.

When DEA agent George Cons later discovered that his wallet was missing, he ordered the Mexican laborers lined up and searched. When the wallet was discovered in the possession of the witness’ brother, DEA agent Cons reportedly pulled out his gun and shot, point-blank, the witness’ brother. Cons then ordered the Mexican laborers to bury the body.

Several days later, the witness managed to escape from the heavily guarded remote airstrip, and made his way to the INS office near McAllen, Texas, where he gave me a detailed information. This information was made into an official government report as part of my official duties.

The laborers were guarded day and night to prevent their escape, but several days after the killing of the witness’ brother, several of them, including the witness, managed to escape from the heavily guarded remote airstrip. The witness made his way to the INS’ s Hidalgo Port of Entry office near McAllen, Texas, while I was on duty.

The distraught and crying witness described to me in detail the drug smuggling operation and how DEA agent Cons killed his brother.

While listening to the witness’ description of the drug smuggling operation and murder, I called DEA Special Agent Gary Morrison in the nearby McAllen, Texas, office, explaining what I was being told. Morrison then advised that he would be there within an hour, meeting us at the bridge between McAllen, Texas and Reynosa, Mexico. During the interview, I acted as translator, and recorded the witness’ statements.

During the interview, Morrison contacted by phone the central record office at El Paso, Texas (EPIC ) and made an “Epics” inquiry, which confirmed that a George Cons did in fact work for the DEA, assigned to the Yuma, Arizona office. NCIC is the El Paso Intelligence Center that centralizes information about drug offenses.

Despite the enormous national and international implications of the information being provided by this witness, Morrison instructed me to tell the witness to go back to Mexico, which I conveyed to the witness in Spanish. Before leaving the office that night, I obtained the witness’ address in Mexico, that of other witnesses names and addresses, and included these in my official report. I then put that report into my office files, while Morrison was present.

As a trained and highly experienced INS investigator, I recognized that this was the beginning of a cover-up. An investigator doesn’t tell such an important witness in such an important matter of national and international implications, to return to Mexico, where the witness would most probably not be available again, and where he could very probably be murdered to keep him from testifying.

When I arrived back at my office the following morning, I discovered that my official report had been removed, and in its place was a Mexican birth certificate for drug trafficker Juan Garcia Abrego. It is my belief that the placement of a personal document relating to a drug trafficker was to associate me with a criminal enterprise and in that way silence me and my knowledge of the DEA-related drug
operation.

I raised the matter with various DEA officials, threatening to expose a major drug operation organized and protected by government personnel in control of key government offices. It was apparent that I was “not on the team.” When I persisted in trying to meet my federal job responsibilities, anonymous phone calls to me at my home and at work warned me that dire things were going to happen if I did not drop the matter, and that my job as an Immigration and Naturalization officer would come to a halt. I reported these threats to INS officials, and they did nothing about it.

In addition to the anonymous threats made by telephone, I started getting threats from government officials. FBI Special Agent Orlando Munoz out of the McAllen office visited me in early 1993 at the Hidalgo Port of Entry office, warning me that I had been told too many times to shut up and forget the whole affair. The FBI was threatening a government agent against reporting what was clearly criminal and subversive activities against the United States! As I sought to have the matter reported and investigated, I was warned by INS and DEA personnel that it would be in my own best interest to forget about it.

I reported the drug smuggling operation and the threats against me to various members of Congress, including Congressman Solomon P. Ortiz of the 27th congressional district, describing the murder of the Mexican national by the DEA agent, the drug smuggling operation involving large numbers of U.S. aircraft and personnel, the cover-ups and obstruction of justice by officials at the DEA, Immigration and Naturalization Service, the FBI, U.S. attorney, and Department of Justice in Washington. None responded to my letters.

When I continued to keep the issues alive, employees of the DEA, INS, FBI, and office of the U.S. attorney participated in falsely charging me with using government computers in drug smuggling activities. The FBI charged me with using a government computer to facilitate drug smuggling. It appears that the DEA stayed out of the prosecution so that I couldn’t raise the defense of retaliation for having reported the DEA drug smuggling operation.

FBI Special Agent Munoz traveled to Houston, obtaining a court authorization to wire tap my home phone. Munoz gave Chief District Judge Norman Black false information as Munoz tried to justify the telephone tap. Munoz said that I was a nephew to major drug trafficker Juan Garcia Abrego. This scheme, making false statements against a government agent, in a scheme to obstruct justice, was approved by U.S. attorney Melissa Annis before it was presented to Judge Black.

The Justice Department’s FBI and U.S. attorney then misstated that drug matter discussions normally undertaken by me as part of my job, taken out of context, indicated that I was engaging in drug trafficking.

In December 1994, FBI Special Agent William Vanderland obtained a search warrant for my residence, using a large number of state and federal agents to carry out the search. When my son answered the door, he was ordered by FBI Special Agent Lamarr Pruitt into the front yard to be searched, holding a large caliber gun to the boy’s head. Copies of my records pertaining to the drug smuggling operation and the murder of the Mexican national were seized during this raid.

Trying to defend myself against the sham charges filed by Justice Department employees, I went through three attorneys, discovering that they all wanted me to plead guilty.

These statements are true and correct to the best of my belief. Executed this 28th day of June 1998, at the federal prison in Pekins, Illinois.
A Mexican national came to the INS office at Port Hidalgo yesterday evening around 8:30 P.M. He stated that he wanted help from American authorities concerning the murder of his brother by a DEA agent that he identified as George Cons. Shortly after he provided me with preliminary information, I contacted by phone the DEA office at McAllen, Texas, requesting the assistance of DEA internal affairs since a DEA agent was involved.

DEA agent Gary Morrison arrived within an hour to continue the questioning of the witness, while I acted as translator.

The witness presented to us his Mexican identification to prove his identity. He stated that he, his brother, and several others was hired at Los Mochis, Mexico, to work at a ranch about two hours driving time from Los Mochis, Sinaloa, in Mexico. The Mexican who hired them, and whose name he did not remember, transported them in a pickup truck to a mountainous area ranch. The witness stated that during the two-hour trip his ears started to pop as the truck climbed to higher altitude.

When they arrived at the ranch, they were greeted by another Mexican who introduced himself as the foreman of the ranch. This foreman took them on a tour of the ranch, which consisted of a landing strip, warehouses, airplanes, armed guards, and various types of vehicles.

The foreman explained to them that the job consisted of loading and unloading airplanes and large vehicles, and to pack and unpack bundles. They later learned that the material being loaded and unloaded, and the packaging, consisted mostly of cocaine and marijuana. They also unloaded stacks of money, and chemicals used for drug processing from planes and vehicles coming from the United States.

The cocaine and marijuana loads were loaded onto aircraft and trucks going to the United States. The chemicals and money were unloaded from airplanes and trucks coming from the United States and then placed on board airplanes and vehicles going to Central and South America. The witness stated that he and his group started working immediately thereafter.

The witness stated that some of the planes had aircraft markings on the side that began with letters, including HK, XA and N.

The witness described an event that occurred approximately two months ago, associated with the arrival from the United States of an airplane with three occupants on board. As one of these occupants got out of the aircraft and walked to one of the storage buildings, his wallet fell to the ground, without him noticing it. The
Drugging America—A Trojan Horse

brother to the witness picked up the wallet and went inside a nearby building to examine it. As they looked in the wallet they found a photo of the person who dropped the wallet, George Cons, and identification as an agent for the United States Drug Enforcement Administration.

The witness said that a few minutes later, the foreman called everybody outside and lined them against a wall. The person who dropped the wallet then search them and found the wallet in the possession of the witness’ brother. The DEA agent then pulled out a gun and shot the witness’ brother in the back of the head, killing him instantly.

The other workers were then instructed to dig a hole and bury the body. After the body was buried, the workers were ordered to resume loading and unloading various aircraft.

The witness stated that the DEA agent’s identify was known to the foreman, who had stated that the agent was in charge of the entire operation and that nothing could be either loaded or unloaded until his arrival.

Several days after the DEA agent murdered the witness’ brother, the witness and several other workers managed to escape. The witness made his way to the INS office at Port Hidalgo.

During the questioning of the witness in the presence of DEA agent Gary Morrison, and after the witness revealed the name of DEA agent George Cons, Morrison telephoned EPICS to verify that the DEA had an agent by that name. It was confirmed that George Cons was an active agent for the DEA in Arizona.

The witness gave me his name and address in Los Mochis as [this information cannot be remembered but is in the original report]. The witness also gave me the names of the others who were hired at the same time in Los Mochis. These were [this information cannot be remembered].

At the end of the interview, I was instructed by Morrison to order the witness to return to Mexico and if his presence was needed he would be contacted. I advised Morrison that because of the seriousness of the matters described by the witness that he be given permission to remain in the United States until the investigation was completed. Morrison refused to allow this.

Without Morrison present, the witness expressed concern about this lack of interest and that he would not return to Mexico, fearing for his life if he did return.

_Rumaldo Solis_

I, Rumaldo Solis, declare that the above writing is close to the original that I prepared and filed as an official government report while I was an long-time agent for the U.S. Immigration and Naturalization Service. This writing is now prepared from memory. There may be some specifics that could not be remembered, and the date of the report is only approximate. The report that I prepared at the time contained the names of the witness and the others who were hired in Los Mochis, along with some of their addresses. I cannot remember this information and it is omitted from the report. But the other details are accurate, having been given considerable thought after the event occurred, because of the gravity of the matters reported.

I declare that the other facts stated herein are true and correct, to the best of my knowledge and belief. I make this declaration under penalty of perjury.

I prepared this report after the witness left the INS office at Port Hidalgo where I was on duty, and placed the report in my desk, in Morrison’s presence. The following morning, the report was missing. In its place, someone put the birth
certificate for Mexican drug trafficker, Juan Garcia Abrego.
After finding this birth certificate, I gave it to INS special agent Ramiro Salinas.

Rumaldo Solis

Letter Notification to President of Mexico
I sent certified-mail letters to Cesar Lajud, Consul General of Mexico at San Francisco (April 20, 1998); Jesus Reyes Heroles, Mexican Ambassador in Washington (May 11, 1998); Mexican President Ernesto Zedillo (May 11, 1998). No responses. A copy of the letter sent to President Zedillo follows:

From the desk of Rodney Stich
P.O. Box 5, Alamo, CA 94507; phone: 925-944-1930; FAX 925-295-1203
Member
Association Former Intelligence Officers (AFIO) Association of National Security Alumni
International Society of Air Safety Investigators Lawyers Pilots Bar Association (LPBA)
Former FAA air safety investigator Former airline captain and Navy pilot
E-mail: stich@defraudingamerica.com Web sites: www.defraudingamerica.com;
www.unfriendlyskies.com Internet search engine: “Rodney Stich”

Ernesto Zedillo, President of Mexico
Los Tinos
Puerta # 1, 11109
Mexico, D.F. Registered mail

Reference: Reporting crimes against the Mexican government and the Mexican people.

May 11, 1998

Dear Mr. Zedillo:

This letter puts the Mexican government on notice of major crimes against the government and the people of Mexico by agents of the U.S. government. During my many years of investigations, starting as a federal investigator for the United States government, I acquired a great amount of evidence concerning criminal activities by these agents against the people of the United States. Recently, a former agent of the U.S. Immigration and Naturalization Service (INS), holding U.S. and Mexican citizenship, disclosed to me the contents of a report that he made which had major international implications, particularly for the government and the people of Mexico. The following is a brief description of the crimes against your country:

- An agent of the U.S. government (Drug Enforcement Administration) was reported in an official report of the Immigration and Naturalization Service (INS) to be coordinating, in Mexico, a large drug smuggling operation at a remote mountainous airstrip a couple of hours driving time from Los Mochis.
- That agent of the U.S. government reportedly murdered a Mexican national at that airstrip when that Mexican national, working as a cargo loader loading drugs onto aircraft destined for the United States, discovered the identify of the U.S. government agent.
- The murder of a Mexican journalist in Mexico, shortly after he started investigating these matters, was probably due to an attempt to cover up for the involvement
of U.S. agents in these crimes against Mexico.

- That agents of several U.S. government agencies aided and abetted these crimes against Mexico, covered up for them, and then retaliated against the INS agent who filed the report that was then criminally destroyed or hidden. These agents were from the U.S. Department of Justice, Immigration and Naturalization Service, Drug Enforcement Administration, and U.S. attorney.

- The drug smuggling operation involving major segments of the U.S. government were also directed against the people of the United States, a fact that has been proven by the evidence I have been provided by several dozen former federal agents and operatives.

- The murder and drug trafficking, implicating agents of the U.S. government were also directed against the people of the United States. These facts have been discovered by me and a coalition of several dozen present and former government agents and deep-cover operatives. The cover-ups, the obstruction of justice, the continuation of the criminal activities, are documented standard operating procedures by people holding key positions in the government of the United States.

PRIOR COVERUP BY MEXICAN OFFICIALS

Part of this information had been sent by the INS agent to various Mexican agencies, including the Mexican consul in Texas. I also sent information to the Mexican consul in San Francisco. We never received a response, indicating that these Mexican officials are covering up for crimes against Mexico and its people by agents of the U.S. government. Obviously, this has monumental implications.

My Credibility:

I am a former inspector and investigator in the government of the United States, who discovered during the past 30 years patterns of documented corrupt practices involving federal officials in all three branches of government. Over two dozen government agents have provided me with additional court-admissible evidence during the past ten years.

Part of this government corruption, and the well-orchestrated cover-up and obstruction of justice, is detailed and documented in the books, *Defrauding America* and *Unfriendly Skies*, and referred to in the Internet web sites, http://www.defraudingamerica.com; and http://www.ciadrugs.com; and http://www.unfriendlyskies.com.

A Major Scandal Against Mexico and Its People

The murder of a Mexican national, on Mexican territory, by an agent of the U.S. government, to cover up for a criminal drug trafficking operation conducted by a U.S. agent on Mexican soil, has serious implications for Mexico, its people, and produces additional evidence of interference in the operation of other government by certain people in control of the United States.

My primary interest in providing this information to Mexican officials is to expose the corruption by U.S. government officials that are inflicting great harm upon many innocent people.

I am making copies of this letter available to others. Obviously, if you continue the cover-up against your own people, the scandal takes on even greater implications.

Rodney Stich

Registry number: 83791139
On April 27, 1999, I received a telephone call from the Mexican consul at San Francisco, Arturo Balderas, stating that he received a request from President Zedillo’s office to interview me concerning the material that I had sent to him June 5, 1998—almost a year earlier. He wanted me to come to the Mexican consulate and I told him I couldn’t make it for at least two weeks as I was completing the final editing on my book. I did ask him to fax me the request. His fax stated in part: “In regard to the letter that you sent to the President of Mexico, Ernesto Zedillo, reporting crimes against the Mexican government. “I will appreciate that you call me, in order to set up an appointment to talk about your concern.”

Reported DEA Role in the Lockerbie Bombing

Within a year of the December 21, 1988 downing of Pan Am Flight 103 over Lockerbie, Scotland, I started receiving information from CIA, DIA (Defense Intelligence Agency), and other sources as to what actually happened. The information from these sources revealed why and how the bomb was placed on the aircraft, again showing the consequences of government involvement in drugs. The following information is contrary to the line being given out by U.S. officials.

Reason for the Bombing

On July 3, 1988, the U.S.S. Vincennes shot down an Iranian airliner, killing 290 people. The airliner was on a scheduled flight, on a heavily traveled civil airway, climbing through 12,000 feet, when the U.S.S. Vincennes launched a missile at it. The missile, hitting the airliner, broke it into many pieces, causing the eventual death of 290 people, some of whom fell over two miles before they were killed upon impact.

Iran was obviously furious, and Iran’s Ayatollah was reported to have issued a “fatwah,” a Muslim proclamation that several U.S. airliners would be downed in retaliation. Iran then contracted with a terrorist group headed by Ahmed Jibril to bring about the downing of U.S. aircraft. The downing of Pan Am Flight 103 over Lockerbie would be facilitated by a drug smuggling operation controlled out of the DEA office in Nicosia and involving DEA and CIA personnel and drug traffickers from Lebanon and Syria.

One of Many CIA-DEA Drug Smuggling Operations

The ongoing drug-smuggling operation used Pan Am aircraft out of Frankfurt that were departing for the United States. It was this drug smuggling operation that made possible the placement of the bomb on Pan Am Flight 103.

This is how the drug smuggling operation worked: A courier would check his bags at Pan American in Frankfurt, and the bags would pass inspection. However, before the bags were placed on the aircraft, baggage handlers replaced one of the previously inspected bags with another bag containing approximately 200 pounds of heroin.

Jibril used the CIA’s own illegal operation to put the bomb on Pan Am Flight 103. The Jibril group reportedly bribed the Turkish baggage handlers to place an additional bag on the aircraft, which contained the bomb. Because of a flight delay, the bomb that was set to explode over the North Atlantic exploded over Lockerbie.
The United States recognized Jibril as the main suspect. But then the United States needed Syria’s cooperation in attacking Iraq after Iraq invaded Kuwait. Since Syria was the home to one part of the CIA-DEA drug smuggling operation and also the home of the Jibril group, the United States could not charge Syria with harboring them. Further, revealing how the bomb was put on the aircraft risked exposing the CIA-DEA drug smuggling operation.

Justice Department officials then fabricated far-fetched theories as to how two Libyans placed the bomb on board Pan Am Flight 103 — contradicted by the evidence. Many articles in the European press showed the U.S. charges against the Libyans as false. German police, for instance, who knew about the CIA-DEA drug pipeline, gave no credence to the Justice Department’s fabricated evidence and false charges. A more thorough description of the Pan Am Lockerbie disaster, the evidence, and the usual Justice Department retaliation of those who reveal the truth, can be found in the third edition of *Defrauding America*.

**Agents of DEA Smuggling Tons of Cocaine**

A veteran Texas law enforcement agent who is described in later pages wrote to me on April 24, 2001, “My investigation as proven with overwhelming circumstantial evidence that agents of DEA were involved in the smuggling of tons of cocaine into and through Grimes County [Texas].”
CHAPTER SEVEN

Custom’s Complicity in Drugging America

The U.S. Customs Service is a division of the Treasury Department and charged with protecting the borders of the United States. It is the primary agency for drug interdiction into the United States. Customs has an air wing with over 100 aircraft. Experienced pilots are hired and trained to be law-enforcement officers, flying various fixed-wing and rotary wing aircraft. These pilots are not required to be street agents as in the case of DEA pilots. It has airborne and ground-based radar detection sites to spot drug smuggling aircraft.

As a comparison, pilots for the Drug Enforcement Administration Air Wing are taken from the ranks of street agents who have a commercial pilots license. DEA pilots do primarily surveillance and logistical support, while Customs Service pilots interdict and chase suspected drug traffickers to the point of landing.

In 1985, the U.S. Customs Service abolished the U.S. Customs Patrol (CPO) along the border and placed it into the Office of Investigations, which was later renamed the Office of Enforcement (OE). The Customs Patrol was created upon the abolishment of the Customs Security Officer (CSO) and the creation of the Drug Enforcement Administration in 1973. The DEA was created by the transfer from U.S. Customs of a large number of Special Agents, leaving the remaining Customs Special Agents without any authority to conduct narcotics investigations because of the “White Paper” negotiated between DEA and Customs.

The Customs Patrol was initiated as a non-investigative uniformed law enforcement agency responsible for interdicting narcotics and other illegal goods smuggled into the United States by land, sea, and air. All narcotics interdictions were referred to DEA for investigation.

Written memorandums of understanding between the DEA and Customs in the mid-1990s gave the DEA responsibility for all domestic and foreign smuggling investigations, leaving Customs with drug investigations directly related to their work at the border.

Veteran Customs Agent Whistleblower

John Carman, a 20-year veteran of the U.S. Customs Service, started his government service with the U.S. Secret Service in Washington. This was followed by several years as an agent for U.S. Customs at the Calexico Port of Entry and then at the San Diego port of entry at San Ysidro. His primary duties
were to detect and interdict narcotics, for which he received many commendations. His last position was as Senior Customs inspector in the San Diego office. Carman said his drug-interdiction work was repeatedly blocked by Customs supervisors, who allowed large quantities of drugs to enter the United States, and allowed interdicted drug traffickers to go back to Mexico.

**Definite Practice to Protect Powerful Drug Traffickers**

Carman repeatedly reported that his superiors were allowing major drug loads to go through border checkpoints at San Diego. Carman provided me with considerable information showing repeated actions by Customs personnel to protect large drug shipments crossing the border from Mexico. He filed a suit in U.S. District Court (September 1997) alleging that he was fired in June 1997 because he reported drug-related corruption within the Customs service.

Carmen witnessed gross violations of government regulations, widespread drug smuggling by government employees, and aiding and abetting of drug trafficking by Customs agents and supervisors. He observed Customs personnel protecting and passing through major drug traffickers and drug loads. He repeatedly reported these violations in writing to Customs Office of Special Counsel and the Internal Affairs Division. The problems were ignored, the reports dismissed, and the perpetrators allowed to continue their criminal acts. The only “corrective” action taken was to retaliate against Carman. Here are a few examples of what Carman discovered and reported:

- **On October 29, 1985,** he seized 400 grams of Mexican brown tar heroin and was then ordered by his supervisors to give the heroin back to the Mexican drug trafficker and release the person. This happened several times and Carman said the supervisors who ordered him to release the heroin were Charlie Gastellum and Honorio Garia. Carman reported this violation to Customs’ Office of Internal Affairs. No action was taken.

- **In June 1988,** while working at the Commercial Export Gate at San Ysidro, a suspicious looking sealed container arrived from the Long Beach holding area. Before Carman could inspect the container, his supervisor, Filenon Fuentes, cleared it without conducting any examination.

- **He was ordered to remove data from Customs database that he had inserted earlier,** that required a suspected Mexican drug trafficker, Jorge Hank Rhon, to be checked for drugs whenever he crossed the border checkpoint. Rhon had powerful political connections on both sides of the border; he had a private zoo near his Caliente racetrack in Tijuana, and was the son of one of Mexico’s top drug lords, Carlos Hank Gonzalez, a former Agriculture Minister. The senior Rhon was manager of the Grupo Hank Business Empire based in Tijuana, which had controlling interests in many businesses. These included banks on both sides of the border, and an interest in Taesa Airline, which had a drug-hauling reputation. Hank Gonzalez’ son, Carlos Hank Rhon, was reportedly the one who used Citibank to hide the drug money of Raul Salinas, whose brother was the president of Mexico. Despite this history, Customs supervisors removed the red tag from the computer database.

**Customs Protecting Powerful Drug Lords**

Carman said, “Jorge Hank Rhon is a person they don’t want to touch. They
don’t want us to check him. They don’t want us to search him. They don’t want us to put his name in the computer.” Carman said the supervisor who told him this was John “Jack” Maryon.

**Protecting a Major Mexican Drug Trafficker**

The Zaragosa family that reportedly was heavy into drug shipments regularly sent trucks into the United States, often with large drug shipments inside. In 1990, a Zaragosa family propane truck, whose ownership was hidden in the company Hidrogas de Juarez, was stopped as it was crossing the border at San Ysidro. Drug-sniffing dogs were madly barking at the truck, indicating they detected drugs. The supervisor, Arthur Gilbert, tried to dissuade Customs agents from inspecting the truck, claiming the dogs were reacting to another smell.

**Release of Cartel Driver Caught with 8500 Pounds of Cocaine**

One of the agents threatened to report the matter to Customs Internal Affairs if the supervisor refused to allow the truck to be inspected. A search then revealed 8500 pounds of cocaine. Despite finding cocaine that would net an American citizen several life sentences, Customs Supervisor Art Gilbert allowed the Mexican truck driver to return to Mexico. Carman felt that the supervisor was there to be sure Customs agents did not detain the truck.

Despite this and similar incidents, Gilbert was protected by U.S. attorney Alan Bersin in San Diego. Carman said a check of the phone records showed Gilbert making over 200 phone calls, as many as five a day, to a major drug trafficker in Mexico. Bersin was a former classmate to Bill Clinton, who appointed him U.S. attorney after the unprecedented firing of all U.S. attorneys upon taking the office of President of the United States. This action halted many ongoing criminal investigations, blocked obtaining indictments, and permitted placing in this key position people protective of the President and his cronies.

**Line Release Program Helped Drug Traffickers**

U.S. Customs inaugurated a program called “line release,” a plan to drastically reduce the number of inspections as trucks cross the border from Mexico into the United States. Under this program, large 18-wheeler trucks are routinely waved through without being inspected, permitting thousands of pounds of drugs to enter the United States.

**Non-Inspection List**

Customs had a non-inspection list, allowing Mexican companies and Mexican drivers to cross the border without being inspected. The commissioner of U.S. Customs Service said (October 1, 1995) that “drivers hauling goods into the United States from Mexico would have to undergo intensive background investigations before they would be approved for programs that allow importers to skirt routine cargo inspections.” Customs agents laughed at this statement, saying “The Mexicans don’t track people the way we do, and if they did, they wouldn’t share the information with us.”

**Fabulous Profits for Customs Agents**

Carman said that Customs inspectors make huge hidden incomes by waving vehicles through inspection points without stopping. In one instance at El Paso, Customs Inspector Jose de Jesus Ramos was arrested trying to wave a truck through without inspection that contained 2,000 pounds of cocaine. In
that instance, the Customs agent notified the drug trafficker by beeper that he was on duty and the lane number that he would be checking. When the vehicle carrying the drugs got to the Customs agent, it would be waved through without being inspected. The Customs agent was to have been paid $1 million for that simple and hard-to-prove act.

A *U.S. News and World Report* article described the actions of Customs Agent Ricardo Felix who received hundreds of thousands of dollars in bribes for waiving vehicles through without inspection.

Carman cited an incident where he apprehended a Mexican female crossing the border with $16,000 cash stuffed into her clothing, bra, and handbag. Supervisor Filemon Fuentes, contrary to Customs regulations, gave the money back to her, allowed her to enter the United States, and suppressed the report. Carman reported this violation to Customs Internal Affairs, who cleared the supervisor of any wrongdoing, despite the fact it violated Customs rules and smelled of wrongdoing.

Customs kept a “Red Book” file on these incidents, and when Carman viewed the reference to the matter, he found the supervisor falsified the facts. Carman brought this alteration-of-records to the attention of Assistant District Director Gurdit Dillon who, instead of investigating the matter, started retaliating against Carman.

Carman was quoted in a *North County Times* newspaper (September 13, 1997), “I hope to inform people about what’s going on down at the border. These people are involved in illegal activities.” The article continued:

> In the lawsuit and an interview, Carman accused Customs agents, including supervisors, of allowing people with drug connections to waltz across the border without being checked, as well as accepting bribes, falsifying reports and deleting information about certain people from intelligence files. “They don’t want you to do your duty,” he said.

> “They want you to look the other way. They don’t want you to search certain people. It’s obvious that they are trying to show preferential treatment for certain people. The drugs that are caught at the border are usually small amounts being carried by “non-professionals,” he said. “The type of stuff that we’re getting at the lower level is a mere pittance compared to what’s actually coming through, and when we do focus on a big one it’s by accident,” Carman said.

“Customs agents’ anger borders on revolt,” read the headline on a *San Diego Union-Tribune* (October 1, 1995) article with the subtitle, “Many accuse bosses of corruption, indifference.” The article stated in part:

> Across the country, men and women on the front lines of the U.S. Customs Service are at war with their own superiors. They have alleged corruption at the highest levels, and many say that in doing their jobs they feel more like clerks than cops these days. Employees of the federal government’s oldest law enforcement agency laments that their very mission, collecting trade revenue, arresting import smugglers and inspecting everything from baby clothes to contraband, is being eroded from within. Nowhere has this criticism been more vocal than in San Diego County.

Here, current and former Customs inspectors have made so much noise
about what they feel is poor management and corruption that their complaints have prompted questions by politicians in Washington and several government investigations, including one by the FBI into Customs corruption all along the Southwest border. The agency, [U.S. Customs Service Commissioner George Weise], Weise said recently, is in the midst of a major reorganization and downsizing as a result of Vice President Al Gore’s program for reinventing government. [President Clinton promptly slashed personnel involved in drug interdiction upon becoming president.]

One San Ysidro inspector said it has been made clear to him that the major responsibility of Customs is to facilitate trade and keep importers happy. Drugs, he said, “Just don’t seem to be a priority.”

Ties Between Customs Officials and Mexican Drug Traffickers

Carman told me about the ties between Customs supervisors and Mexican drug traffickers and drug money launderers, and the socializing between the two diverse groups. He described the ties between Jorge Hank, a former Mexican Minister of Agriculture, and Customs officials in San Diego, including the former District Director, Allan J. Rappoport. Customs officials in Washington refused to take any action. A Customs report (March 21, 1991) referring to Rappoport stated in part:

The purpose of this memorandum is to provide a synopsis of the findings of this investigation. This investigation was predicated on allegations that Rappoport allegedly consorted with known criminals. It was also alleged that Rappoport was implicated in a conspiracy to smuggle illegal aliens and/or illicit drugs into the United States across the Mexican border. During the investigation it was determined that Rappoport retired and is no longer an employee of the U.S. Customs Service. Based on the above, this investigation has been closed administratively.

Associate of Major Drug Kingpin on Crime Commission

Making matters worse, Rappoport maintained a position on the San Diego Crime Commission. Wouldn’t the thousands of imprisoned people like to receive the same leniency shown to this DOJ-protected government official!

Carman said that when Rappoport was advised that he was under investigation, Rappoport resigned within 24 hours. Despite considerable evidence against him, the U.S. Attorney did not pursue any prosecution, as they would have done if he were an ordinary citizen. To have prosecuted him would have reflected upon drug trafficking by U.S. Customs—and much more.

Carman described an incident where a car passing through the San Ysidro border crossing was stopped, inspected, and after a check in the National Crime Information Center’s (NCIC) data computer, discovered the car was reported as stolen in the United States. Instead of seizing the car, Customs supervisor Filemon Fuentes and Customs liaison agent Sonny Manzano allowed the driver to return to Mexico—with the stolen car belonging to an American citizen.

Entering False Information into Government Data Bases

Carman reported that Customs officials were entering altered intelligence reports into the TECS computer database. (TECS: Treasury Enforcement Computer System, and MOIR) is Memorandum Of Information Received) For instance, Carman entered data on a murder suspect that Carman and another Cus-
toms agent found driving a stolen car. The information was reportedly, later altered by Supervisor Arthur Gilbert.

**Forged Release Authorization by Bogus Customs Inspector**

Carman reported alteration of an inspection record relating to a shipment in the commercial holding area at Long Beach by a Customs agent signing his or her name as Inspector Bluitt. Carman checked the TECS computer system database and found there was no Inspector Bluitt listed.

**Mexicans Caught with Drugs and Drug Money Protected**

Carman reported Mexicans, some of them Mexican law enforcement personnel, found with drugs and drug money in their possession, were allowed to proceed, and then the records falsified to omit the law violations. This benevolent attitude by Customs officials did not apply to Americans caught with drugs.

**Ordered to Remove Prominent Mexican Drug Traffickers from Computer Data Base**

In 1994, Supervisor and Branch Chief John “Jack” Maryon and another supervisor ordered Carman to remove from the TECS computer files the names of key Mexican drug traffickers and drug-related government officials who were the subject of Carman’s earlier reports. One was Roberto de la Madrid, a former governor of Baja, Mexico. Carman said one of the Mexicans was known for his violence and serious violations.

**DEA Drug-Carrying Aircraft**

Carman told me of one instance where a Beech King Air arrived at Brown Field in San Diego from Mexico, carrying DEA agents. Customs agents were instructed by supervisors not to go near the plane. Another Customs supervisor later told him the plane was carrying cocaine. Carman said he had heard from other agents about many DEA planes arriving from Mexico carrying cocaine.

**Over Flights for Mexican Aircraft**

Regional Director John Heinrich in the Long Beach Customs office signed a directive authorizing 167 specifically-named Mexicans flying in private planes from Mexico into the United States to over-fly border inspection points. Since Mexico is truly a narco-state, with endemic involvement in drug trafficking by local and national police, its politicians, and its military, this blanket over-flight authority was obviously prone to drug smuggling into the United States. Making this list even more preposterous, as long as any one of the Mexicans on the Customs list was on board the flight, everyone else on the aircraft was free to avoid the border checkpoints—including drug kingpins.

One of the conditions that the Customs authorization said had to be met was that the pilots could not carry on board the aircraft any aviation charts from Mexico or Central and South America. This restriction was bizarre. No pilot would fly from Mexico without Mexican aeronautical charts.

That U.S. Customs Service authorization was dated October 2, 1993, identified by the code, AIR-5-LA:1;LAX:0, and addressed to Mr. Jorge Alva Hernandez, Director of Operations, Jets Executivos, Hangar 4 Plataforma Aviacion General, Delegacion Venustiano Curarra, Mexico City, D.F. Mexico 15620. The authorization, addressed to Mr. Alva Hernandez, said in part:

*Your application for...over-flight exemption has been approved. Your ex-*
emption expires on October 4, 1994. To continue your over-flight exemption in the future, you must file an application at least thirty (30) days prior to expiration. The aircraft listed below are approved for this over-flight exemption: [List omitted] Carman said in April 1999 that Heinrich had been recently promoted and transferred to Washington, responsible for over 100 border inspection stations.

**Consequences Suffered by Honest Government Agents**

In 1995 after the media, including the San Diego Union Tribune, published Carman’s allegations, Customs supervisors fired Carman. As if this wasn’t enough, he was rushed to the hospital when a large pickup truck came crashing into his car on a side street, making no effort to stop or apply brakes. Carman received multiple broken ribs. The Filipino driver tried to flee but witnesses caught him. Carman had received death threats on the phone, his tires slashed, wheel lugs removed from his car, and items stolen from his property.

**Politically Correct Head of Customs Indifferent to Problems**

The pattern of corruption in Customs was repeatedly reported to politically correct Customs Commissioner Carol Hallett. Politicians recognized the vote-getter value of politically correct appoints, such as the starry-eyed head of the FAA, Jane Garvey, and in this case, U.S. Customs. They simply do not know the ropes, or are too scared to fight the system, so problems go uncorrected.

In response to questions, Customs spokesman George Weise made a standard off-the-shelf response, as stated in the San Diego Union-Tribune (October 1, 1995):

> Jobs and budget have been slashed, and that tends to make some of Customs’ 15,000 employees uneasy.” Weise... defended the integrity of the service, saying it always has policed itself and prosecuted wrongdoing within its ranks. Weise added that he has given personal assurances that no employee with information about corruption would be penalized for coming forward.

**Meaningless Whistleblower Posters on Government Walls**

Carman, and many other government employees, including myself, have been misled into thinking that the walls of posters encouraging employees to report government misconduct meant what they said. The Whistleblower Protection Act is mostly meaningless and intended for show. Carman discovered this too late. And so did I.

A fairly standard reaction to government agents’ reports of criminal activities is to discredit the agent and then fire him or her. This happened to Carman. This tactic is standard in the FAA, the FBI, and virtually every government agency. Carman was fired on June 19, 1997, after almost 20 years of service with various government agencies. He exercised his Civil Service remedies and found, as many other government inspectors had found, that this “remedy” is meaningless. He then filed a civil complaint for damages, including a Bivens claim, in the US District Court at San Diego (June 19, 1995).

**Poor Media Reporting**

Despite the enormous implications of a major government agency aiding and abetting the drug smuggling into the United States, the mainstream media kept the lid on years of reports by government insiders, except for a few brief
watered-down television spots or short articles. Mike Wallace taped a three hour and thirty minute interview with Carman, but it was never aired. “Dateline” taped Carman, but made only a brief reference to the problems.

Carman didn’t do any better with members of Congress. He contacted many of them, including Representatives Maxine Waters, Jim Kolbe and Charles Rangel, and Senators Diane Feinstein and Fred Thompson. None responded.

The local San Diego Union-Tribune did provide some coverage of the more minor problems, omitting reference to the serious corruption matters. In one article (October 1, 1995) the paper said:

Agents contend that turf wars, red tape and pressure to produce have prompted some in their ranks to cut corners. “We are not only in a drug war. We are at war with the DEA (Drug Enforcement Administration),” one agent said. The two agencies have been locked in a battle for drug fighting supremacy ever since the DEA was literally cut from a rib of the Customs Service in the 1970s and given primary responsibility for fighting the drug war.

**Customs-Arranged Murder of Horner’s Informants?**

Customs agent Mike Horner was another Customs agent who “foolishly” tried to carry out his federal responsibilities by reporting the internal government corruption. One of Horner’s supervisors asked Horner to provide him the names of two of his informants who had provided information about a large drug shipment. Horner provided this information, and within days one informant was killed and the other nearly killed with multiple stab wounds. Eventually, Horner had enough and took a medical retirement.

**Chaos in Customs Revealed by Congressional Investigation**

The hundreds of complaints by government agents throughout the southwestern part of the United States finally forced an investigation (1992) by a subcommittee of the House Committee on Government Operations: Commerce, Consumer, and Monetary Affairs. This hearing was conducted by Representative Doug Barnard, Jr. The committee omitted considerable evidence of CIA drug smuggling, massive cover-ups of drug smuggling involving the CIA, and as will be seen in later pages, drug smuggling implicating key members of the Texas National Guard in collaboration with the Gulf Cartel, all of which was covered up by Texas and federal officials.

Even with the omission of these serious criminal activities, the committee’s report was startling. As usual, nothing came of it. The criminal activities against the United States by people in key government positions continued, despite the gravity and consequences of such conduct.

**Serious Mismanagement and Misconduct in Customs**

The committee issued a 1553-page report titled “Serious Mismanagement and Misconduct In the Treasury Department, Customs Service, and Other Federal Agencies and the Adequacy of Efforts To Hold Officials Accountable.” The committee report stated that its function was to “investigate thoroughly allegations of mismanagement and misconduct, to hold accountable individuals at all levels who are responsible or otherwise culpable, who had information of misconduct and did not report it.” Excellent rhetoric, but absolutely devoid of
any corrective actions.

Throughout the huge House report were detailed incidents in which Justice Department employees, U.S. Attorneys (such as Linda Akers), blocked federal investigators from obtaining information, from pursuing evidence of corruption by federal agents, and aiding and abetting the retaliation of those agents who sought to report such corruption.

**Texas Customs Supervisor Constantly Blocking Investigations**

One section of the report dealt with the Customs problems encountered by AUSA David Hall who headed a multi-agency task force in the southwestern part of the United States. The Justice Department in Washington decided in 1987 to set up several field offices for the Narcotics and Dangerous Drugs Section (NDDS) of the Department of Justice Criminal Division, and one was in San Antonio, which Hall headed. In that position, Hall encountered repeated problems with Customs supervisors blocking the prosecution of major drug traffickers.

Hall testified to the House committee that Customs was the lead agency in the task force and that Special Agent in Charge (SAC) Neil Lageman in the San Antonio office was the lead agent. Hall testified that Lageman repeatedly blocked finalizing investigations by transferring agents whenever their investigations were about to lead to indictments against major drug traffickers. Over 12 agents were taken off the project in this way, without any reason.

**Many Investigations Shut Down Short of Indictments**

When AUSA Hall protested these obstructionist tactics to Lageman, Hall was told, “It is none of your business what Customs did with its personnel.” Replacements caused many investigations to be shut down. In addition, there were six different supervisors over these agents in a two year period, creating further chaos in the San Antonio Customs office. Hall testified about these unexplained removals of Customs agents from the task force:

> Several of the reassignments were made even after I protested to Mr. Lageman that due to the agent he was removing I would lose an indispensable part of a particular investigation .... They were disruptive of the operations of the task force.... The overall effect of the Customs turnovers was to wreak havoc on the operation of the task force.

> One of our biggest problems was the constant change in the Customs hierarchy. [Referring to the major drug traffickers that escaped arrest, Hall testified] There were at least 12 investigations that died. Three or four of these, I considered to be very significant. One of the investigations hinged on a proposal to operate a money laundering store front for targeted and known heroin smugglers from Asia. Customs refused to approve this proposal.... Another investigation of a large-scale cocaine distributor failed when the undercover agent who was working with the violator was reassigned. The agent believed that the target dealt in 100-pound quantities of cocaine....

> A third investigation was of a major cocaine smuggler and money launderer, and it was not pursued after reassignment of all three agents who had been working on the case. The agents had information that the target had imported over 1,000 kilograms of cocaine and was living on
what was reported to be a $1 million ranch....[Because of Customs blocking action] I closed the task force in June 1990....abysmal mismanagement of the Customs cooperation in the task force....

The other agencies did not trust their information with the Customs Service and as a consequence did not share information freely....One particular individual with an exorbitant amount of cocaine dealing, living on a very big ranch in real luxury, and that was easily identifiable by our task force. And yet, that investigation ceased when the task force was stopped [due to internal sabotage by Customs, the FBI, and U.S. attorney].

**Sabotage of Imminent Arrest of Major Drug Lord**

Neil Lageman, by AUSA David Hall’s own testimony, did everything possible to block the arrest of major drug traffickers. In another chapter, contract undercover pilot Rodney Matthews, working out of the San Antonio office, was about to cause the arrest of a major international drug lord when Customs and DOJ sabotaged the operation, permitting the drug trafficking to continue.

**Customs Employees and Mexican Drug Traffickers**

A Report of Investigation (August 2, 1990), included in the House report, contained the following statements:

* A Customs official was seen at the racetrack in Mexico in the private box of a drug dealer...A former inspector was seen at the house of a target of the La Esperanza investigation....A target of the La Esperanza investigation stated, “Don’t worry, my friends in Customs will take care of the problem.” [Habiniak-La Esperanza Mining Company]

One report of an interview with FBI Special Agent Claudio De La O, included in the House report, stated:

* De La O said that the FBI had considered opening a corruption investigation on Customs Employees, but it was never opened.... De La O referred to the Abrego drug organization as the “mob.” He explained that the mob would search out law enforcement officers who would provide information concerning potential search warrants, law enforcement aircraft coordinates, law enforcement scrutiny pointed toward members of their organization, information on border stops, NCIC lookouts, TECS lookouts, information on currency investigations and most of all, the ability for the officer to keep other officers away from members of the organization....

As another example, [Customs agent whose name was blacked out] was seen at many parties given by the mob. De La O stated that the agent was closer to the mob than anyone he knew....De La O stated that he also had problems working with the Cameron County Sheriff’s office due to similar allegations [of drug involvement and harassment of federal agents].

An April 21, 1990 letter to Customs Regional Commissioner James C. Piatt, included in the House report, stated:

* Customs agent Solomon Rodriguez was passing loads and making big bank deposits.... All the files were missing....I continued to gather information about ties between the Inspectors and different off-shots of the Guerras organization.
Testimony of Many Agents Proved Widespread Obstruction of Justice

The testimony of the government witnesses revealed chaos and mismanagement throughout the federal agencies responsible for fighting the so-called war-on-drugs. For instance, Customs Agent Jim Dukes, assigned to the Criminal Division of U.S. Customs in San Antonio, Texas, said in his opening statement to the House committee (March 27, 1992):

*We are what is commonly referred to as Whistleblowers and appear before you to testify honestly about serious breaches of integrity within the Customs Service by management officials, which are violations of criminal laws as proscribed under Title 18 of the United States Code and the Department of Treasury’s Minimum Standards of Conduct.... We all have, individually and separately, previously reported and made sworn statements about these matters to Customs Office of Internal Affairs, Treasury Inspector General’s Investigators, the Government Accounting Office, the FBI, and other government agencies [with no corrective action taken]....We had spoken to nine other investigative bodies, including Internal Affairs, and all we had done was ruin our career and our health practically.*

Dukes testified, as did other Customs agents, that after he started reporting corruption in Customs, including reports of Customs supervisors and other agents protecting drug traffickers, that the standard government reaction took place: supervisors started attacking his veracity and credibility.

Three Internal Customs Investigations and Cover-Ups!

Dukes made reference to three recent investigations of Customs corruption and mismanagement, all of which described the problems in general terms. The investigations included the September 16, 1991, report prepared by the Treasury Office of Inspector General, U.S. Customs Service, titled “Greater Management Attention Needed for Southwest Region Problems,” the Customs Commissioner’s Blue Ribbon Panel titled “Review of Integrity and Management Issues of the United States Customs Service” (August 1991), and the report by the Inspector General of the Treasury Office titled “Management of Customs Southwest Region.” Dukes called them “just short of being a whitewash.”

He added: “I will testify on serious matters of misconduct by Customs management officials. Everything that I will state here has been reported to Customs Internal Affairs and the Treasury OIG (Office Inspector General).”

Customs Agent Testifying On Major Internal Problems

Testifying before the House committee was Special Agent Thomas Grieve with U.S. Customs Service. Prior to joining the Customs Service he had been a criminal investigator with the IRS, and prior to that, a Special Agent with the Drug Enforcement Administration. Grieve testified:

*The mismanagement, misconduct, and criminal acts that we will discuss here today are real. The Customs Service in San Antonio has been primarily concerned with the perception of fighting drugs, rather than actually doing it. It didn’t matter if high-quality criminal cases were being made. What really mattered were statistics, no matter how obtained. It is easier to*
assign agents to task forces and pirate their statistics than it is to develop investigations from information gathered from outside sources. Upper management is more concerned with the perks of the job than they are with any real accomplishments.

Grieve described how Customs supervisors, including Neil Lageman, repeatedly protected major drug traffickers by barring agents from performing their jobs or by transferring them when their investigations were about to bring arrests. He said:

I had the opportunity to deal with a confidential informant (CI) who had been a major heroin smuggler. His knowledge of heroin trafficking was excellent. It was extraordinary. He had access to the highest levels of BCCI (Bank of Credit and Commerce International). The same CI gave me information that would have enabled us to tap into major smuggling rings. We would have used some pretty unique methods to tap into these organizations to both launder their money and monitor their couriers.

Grieve described a conversation between Deputy SAC Jay Silvestro and SAC Neil Lageman, when Lageman said, “Drug cases are nothing but problems and I don’t want problems.” (This was the same attitude I and other inspectors encountered in the FAA, as managers didn’t want inspector reports of accident-causing air safety problems.)

**Refusal to Take Action Caused Drugs to Enter the United States**

Grieve testified: “It is my opinion that since we took no action, we were responsible for unknown quantities of heroin being smuggled into and made available on the streets of this country. We had everything set up to accomplish our mission. When it came to actually doing the job, we were told we couldn’t do it.” This was similar to the FAA culture, where office Supervising Inspectors don’t want reports of air safety problems or violations because they cause problems for the office.

**Special Agent David Ruiz, San Antonio**

David Ruiz was a criminal investigator for Customs. His testimony and prepared statement, appearing in the House report, stated in part:

Customs is an agency run amuck with leaders who hold their personal objectives above policies, procedures, and even the law. The Office of Enforcement is plagued with an incompetent and ill-trained management core. On this very core OE builds its policy and makes decisions from which to run the war on drugs. Resident Agent in Charge (RAC) Louis Dracoulis made it clear on one occasion when he told me that if he ever gave me an order he expected it to be followed, even though it was illegal.

This [internal conduct] failure in the very core of OE takes a fatal turn in enforcement of law when management cannot be trusted even to be truthful and honest in its normal course of daily activity. Management has no regard for the truth, and is willingly lying both officially and unofficially.

**Lying to Confidential Informants**

Ruiz described the practice of lying to confidential informants and the deception played upon them by Customs Service supervisors. Sophisticated CIs or documented undercover agents Richard Pitt and Rodney Matthews, de-
scribed elsewhere in these pages, did not know of this practice when they car-
ried out highly sensitive and dangerous undercover operations on the basis of
instructions and authorizations given to them by Customs agents in Texas.

**Threats to Kill Government Agent Exposing Narcotic Traffickers**

Ruiz testified about threats to his life for having arrested key drug traffick-
ers:

> In September 1976, my former supervisor threatened to kill me or have me
> killed for arresting certain narcotic traffickers. This threat was witnessed
> by the then assistant U.S. Attorney and chief of the criminal section of the
> western judicial district of Texas. The assault was witnessed by two DEA
> special agents. On May 18, 1984, management chastised me for reporting
> Customs pilot Gerald Weatherman for smuggling endangered species, sea
> turtle-skins, into Kelly Air Force Base from the Grand Cayman Islands,
> utilizing a Customs Service aircraft.

**Special Agent Herbert P. Hailes**

Part of the testimony and prepared statement by Special Agent Herbert
Hailes appeared in the House report:

> It is an “old-boy management network” Lageman’s style of management
> was autocratic, Machiavellian, and dictatorial, resulting in general office
> chaos, disruption of major investigations, and set into motion a never-
> ending feeling of fear, confusion, frustration, and burnout. He personally
> took the severest disciplinary action available on any agent who was not a
> sycophant. Intimidation, threats, and micro-management ultimately af-
> fected every phrase of investigative work in the district. A case in point was
> Lageman’s posture on national priority investigations. He said that “per-
> ception is above all what matters!...it does not matter whether we make ar-
> rests or seizures... what matters is the perception Region and headquarters
> has of what we tell them.”

> The Commissioner wants to portray the Service as a benevolent and well-
> controlled organization operating according to law, and directive, and do-
> ing nothing wrong; when the record declares resoundingly otherwise.
> Those of us who protest the serious mismanagement and misconduct spend
> more time and energy fighting the retaliation and the relentless petty har-
> assment than fight the “war on drugs.”

> Agents are constantly bogged down in the strife and political power
> plays with inept and unscrupulous managers. I firmly believe that people in
> this agency who are a part of the twisted system will attempt the removal of
> myself and my colleagues. It will be cleverly tried through some fabricated
> issue and ostensibly “for the good of the service,” while the renegade
> managers wave good-by with their “sweetheart” deals.

**SAC John H. Juhasz**

Special Agent in Charge (SAC) John Juhasz testified and submitted a pre-
pared statement. Juhasz had been selected to head a task force to conduct inves-
tigations into misconduct and corruption by state and federal officials in Ari-
 zona that was given the code name “Firestorm.” He testified that the FBI re-
 fused to become a part of the task force. Rather strange, since that is one of the
key areas of their responsibilities. The House report included a copy of a letter
that Juhasz sent to Customs Commissioner Carol Hallett, which said in part:

I am writing to inform you of the continuing tragedy of Customs and other law enforcement corruption in Arizona.....corruption of Customs employees....trying to deal with the drug related corruption of law enforcement officers on the Arizona-Mexico border.... the Customs Office of Enforcement (OE) is out of control.

Despite the glaring mismanagement that was rampant in [Thomas McDermott’s] office, he was promoted to Headquarters last year....I found out that the DEA was deliberately withholding valuable intelligence from my office concerning corrupt border inspectors, and I suspected that Javier Dibene, the SAC of the Justice Department Office of the Inspector General for Arizona (OIG, formerly Immigration OPR), was deliberately quashing corruption investigations of immigration inspectors and Border Patrol Officers on the border.

There was a major cover-up [by the FBI and U.S. attorney] This was at least partly due to a strong “good old boy” network and due in another large part to the fear of what such a well orchestrated investigation would inevitably uncover.

**Loads of Cocaine Passed by Arizona Customs Inspectors**
The House report described audiotapes transcribing the conversations between two rival drug dealers describing in detail the corruption of Customs and INS border inspectors. Part of the House report addressed this matter:

The tapes contained the unequivocal identification and implication of Customs border inspectors by name in corruption that involved the deliberate “passing” of large (600 pound) and numerous periodic (alleged to be weekly) loads of cocaine by the inspectors, and the involvement of their family members in the importation of cocaine. The report showed the cover-up of the tapes and their implications by local FBI Supervisor Joe Reyes.

Also covering up for the tapes was Customs SAC Javier Dibene, who then destroyed what he thought was the only copies. These decisions were made despite the fact that the tapes contained the obvious, straight forward naming of the inspectors...The Customs inspectors referred to by name in the tapes had been under investigation for over one year....Dibene asserted that if the inspectors were involved in corruption, he could understand (condone) their activity because they came from poor, humble beginnings and needed to provide for their families.

Javier Dibene’s actions concerning the audiotapes serves to confirm...that he was actively suppressing corruption investigations. Equally as puzzling is the internal storm of controversy in DEA that followed the delivery of the tapes by S/A Vasquez.

ASAC Gerald Murphy of the DEA in Tucson refused to allow our IA agents to meet with or even speak to S/A Vasquez to arrange further debriefing of their confidential informant. In fact, ASAC Murphy reprimanded Vasquez for giving Customs IA the tapes and informed all of his agents that they were not to generate any reports addressing law enforcement corruption, and no information concerning such corruption was to go
out of his office without his prior approval.

What this really meant, since ASAC Murphy refused to pass along corruption intelligence, was that no allegations of corruption would be turned over to the proper agencies for investigation. Thus, the drug dealers could continue to smuggle large (tons) quantities of drugs into Arizona from Mexico through corrupt border inspectors without fear of being investigated.

The entire matter was ignored and the DEA and the FBI continued to disregard our requests for cooperation....began discovering the extent of the efforts taken by Javier Dibene to cover up corruption and quash investigations. This was quickly realized to be potentially a major embarrassment to the DOJ OIG. [Office of Inspector General.]

It is now apparent that in order to avoid large scale embarrassment to these agencies, the Task Force and Juhasz had to be stopped....nearly daily allegations of corruption made by DEA informants to the Special Agents....Critical records, reports, and intelligence data have disappeared from Dibene’s office and the DEA’ Nogales, Arizona office.... as the FBI, DOJ OIG, and DEA embarrased at being caught covering up drug related law enforcement corruption in Arizona.

Who can exert so much political pressure in Washington, D.C? It is undisputed that a large portion of the drugs reaching our streets and injuring and killing our youth are allowed to enter the country through unscrupulous and corrupt law enforcement officials....Law enforcement officers on the Arizona-Mexico border, at all levels, have been corrupted. It does not matter whether this is due to bribes, sexual favors, real or threatened blackmail, or just plain fear of standing up and being counted.

**Further Evidence of Government Drug Shipments into the U.S.**

On Page 1206 of the House report are the following statements:

- In July 1990, FBI and Customs Albuquerque executed a controlled delivery of 1,646 kilograms of cocaine from Colombia to New Mexico.
- Unknown to the FBI, the Customs SAC had arranged for media coverage of the arrests and seizures. (This publicity sabotaged obtaining evidence against a major drug shipper.)

  [Customs Furnished the Plane, the Pilot, and the Drugs]

- At the news conference, Customs led the media to believe that the delivery of cocaine into the State of New Mexico was planned and executed by the drug traffickers, when, in fact, Customs had supplied a pilot, an aircraft, a vessel, and took delivery from the Colombians. (Similar to other examples in these pages.)

The House report described how all, or almost all, of the Customs employees in the Yuma, Arizona office were guilty of embezzlement.

**Routine CIA Drug Shipments Through Los Angeles Airport**

Twenty-year veteran Customs agent Frank C. Newman submitted a report dated August 14, 1990, to the House committee (pgs 971-979) revealing CIA drug shipments through Los Angeles International Airport. This was dynamite testimony, and further corroborated the years of information provided to me by my many CIA and other inside sources that flew the drugs, arranged for the
Drugging America—A Trojan Horse

shipments, or discovered the practice. Portions of Newman’s testimony and report were entered in part into the report:

I have been a Customs Inspector at Los Angeles International Airport for thirteen years. I have seen a number of questionable events related to narcotics laws over the years. The most shocking event occurred about a month ago. I found out by accident that agents of the Drug Enforcement Administration were escorting a large shipping container loaded with cocaine into the country. I called our Internal Affairs people within minutes. Approx two weeks later another shipping container loaded with cocaine arrived.

[Controlled Drug Smuggling By CIA]
I have seen “controlled deliveries” before, but these most recent incidents make the ones that I have worked on before look minuscule. Someone at your level should be asking, “How can we justify importing large loads of cocaine in hopes of stamping out cocaine in the U.S.? At what levels of government are these deliveries authorized? Do members of Congress such as yourself know about these controlled deliveries, especially such large loads? Are these loads coming into just Los Angeles, or other major cities in the United States as well?”

With such large loads coming in, how much has been allowed to get to the street? What would the citizens of the U.S. say if they found out about such large loads? It seems reprehensible that officers of the Border Patrol and Customs Inspectors can risk their lives, and get killed, on the Mexican border looking for this stuff, and we then find that our own officers in another unit are bringing large loads of cocaine by us on a routine basis.

Bombshell Disclosures: No Response
Although CIA and other government insiders had testified for years about CIA drug smuggling into the United States, this testimony from a Customs agent, put into a congressional report, should have caused major repercussions. Instead, nothing was reported by the media, Congress, the Department of Justice, and virtually every other government and non-government check and balance. Newman’s prepared statement, which also appeared in the House report, stated in part:

On 7-5-90 I was working baggage at terminal Two at LAX. A man who identified himself as the security chief for Pan American Airlines approached me and gave me information as follows: A shipping container with 32 boxes of diplomatic material weighting 804 kgms (net) was being escorted into the country by three U.S. drug enforcement agents. I made a photocopy of his information, thanked him and went directly to SCI Dan Vigna. I asked if he knew anything about a load of dope coming into the country and he replied, “Yes, there is a shipment of coke coming.” I informed him that I was going to call Internal Affairs and did so immediately. After all the crosses and double-crosses associated with narcotics, it is always best to cover oneself by calling Internal Affairs, and I did this.

Several years ago, Customs inspectors in the Carolinas were ordered by agents of the CIA to clear a shipload of goods from Poland as part of the Iran-Contra affair with no questions asked.
A few years later, even though these inspectors had acted in good faith, the Commissioner of Customs, William von Raab, wanted their heads on a platter. It had proven politically embarrassing to him when the Iran-Contra investigators found out that the shipment of goods on the freighter were really illegal guns and ammo. A situation like this also occurred in New Orleans. The inspectors were made into scapegoats.

**Implying Routine Shipments of Cocaine by CIA-DEA-Customs**

Newman made reference to ten large shipping containers of fish that had arrived from South America on Air Canada under suspicious circumstances that he wanted to inspect. His supervisor ordered him not to inspect it. Newman described the incident to the House Committee:

*A Customs House broker told me that he had heard about a large load of cocaine being brought in one month earlier. He then described exactly the date, the airline, the commodity, and the country of origin. I immediately contacted Internal Affairs. The agent told me that both DEA and Customs agents had told him that they hadn’t brought any loads of cocaine into the country on that day. I was left with two theories: corrupt members of Customs management arranged the load and set me up to sign it off; or DEA or Customs agents arranged the load and wanted to keep it quiet, so they lied to the Internal Affairs agent. I have asked myself a number of times, How many other inspectors have also been set up to sign off loads?*

Newman described another incident of drugs arriving on a Pan Am flight:

*I had found out about a load of cocaine arriving on Pan Am Flight 416. I was certain that a “dirty” load had arrived. Agents from both Internal Affairs and Office of Investigations had both denied knowledge of a load of cocaine, but voiced a willingness to check it out. Approximately 2 hour later another agent from Office of Investigations called to demand where I had received the information about the load of cocaine [apparently trying to silence the informant].*

**CIA Cocaine Load into Los Angeles Was Normal and Proper**

Two weeks after the prior shipment of cocaine, Newman heard of another large cocaine shipment. He contacted Customs Airport Director Eileen Colon, who assured Newman that “She had double checked and could assure me that all of these large controlled deliveries of cocaine were proper. She also stated that I would still receive a letter of reprimand.” The reprimand was for Newman calling Internal Affairs when he heard about the prior cocaine shipment, which Colon called a technical error.

**Further Proof of Government Drug Smuggling**

What these statements were admitting was that large shipments of cocaine were regularly being shipped into the United States by government personnel and agencies. This information supported the years and years of similar statements made to me by my government undercover sources. In a March 27, 1992, letter to Representative Doug Barnard, Newman wrote:

*Smuggling, corruption, and graft are, and have been an integral component of border culture and society for the last two hundred years. Individuals growing up in the border environment are going to be loyal to their families first, friends second, and their employer, the United States of*
America, third. Presently, huge numbers of Texas law enforcement officers who grew up on the border are involved in varying degrees in smuggling activity. The list includes sheriffs, deputies, city, state and federal law officers. The Texas border is rapidly becoming a “little Colombia,” with no end in sight.

**Dynamite Discoveries Followed by Letters of Reprimand**

Despite uncovering these criminal and even subversive activities by government personnel, Customs supervisors made no attempt to address the serious matters. Instead, they placed a letter of reprimand in Newman’s file alleging that he made a technical violation by reporting the major criminal offenses to Customs Internal Affairs: bypassing the SAC who would have covered up the matters. In effect, the major drug traffickers went scot-free, but the agent reporting the crimes was reprimanded.

**Protecting Informant from DEA Agent**

Newman described the incident where one of his informants told him about a shipment of jewelry that was arriving which was shown as a $200,000 value when in fact it was a $600,000 value. His investigation caught the deception and the shipment was seized. Several days later, DEA agent Darnelle Garcia asked Newman the name of his informant. Newman refused to provide this information, fearing for the informant’s life. Newman wrote:

*This was so preposterous that I told him that I didn’t give out the names of my informants. A few days later another inspector told me that Garcia’s informant had owned part of the large shipment of jewelry that I had seized. I can only presume that my informant would have been badly beaten or killed if I would have given out his name. For the record, Darnelle Garcia is presently awaiting trial in federal court in Los Angeles for acts of corruption on the job.*

**Perilous Position of Customs Contract Agents or Informants**

Under these conditions, it is obvious that any contract agent carrying out undercover assignments for U.S. Customs would be easily disavowed if the authorized operation became a political liability.

**Operation Polar Cap**

Newman described how Customs covered up for what would become the largest money laundering operation ever busted by the government involving jewelry stores in the Los Angeles area.

**Brinks Money Laundering Operation in Los Angeles**

In reporting a large money-laundering operation in Los Angeles at Brinks, Newman wrote:

*In 1985, I found that Brinks, the armored car company, was importing gold bullion and coins for sale by their company. People were bringing paper sacks full of cash and trading it for gold shot and coins.*

Newman checked with Gary Cunitz, their cargo coordinator, asking him if he ever had the feeling that Brinks had been laundering drug money by selling gold? Cunitz replied, “Yes, and that’s why we stopped selling gold.” After Brinks stopped the practice, a Brinks vice president “quit” the company and set up a separate operation selling gold.

Newman filed a report on this money laundering operation. Instead of fil-
ing charges, Customs supervisors merely required Brinks to file government forms known as CF 4790. Newman was furious; it was a huge money-laundering scheme that had gone on for years and the company’s crimes were ignored.

**Felony Retaliation Against Government Agents**

The House report devoted considerable space to government retaliation against agents who reported corruption by management personnel, including drug trafficking offenses, or who discovered government-protected drug smuggling operations. Appendix 9 in the report, for instance, was titled: “Material Concerning Continuing Retaliation By Customs Officials Against Whistleblowers In San Antonio and Chicago.” This retaliation violated numerous federal criminal statutes, including Title 18 USC Section 1505 relating to obstructing proceedings before government departments, agencies and committees, and Title 18 USC Sections 1512 and 1513 which pertain to threatening witnesses. The congressional committee did nothing about these criminal acts that undermined the responsibility and the functions of that government agency.

**Smoking Hallucinogenic Substance?**

Despite all the internal reports of corruption and cover-ups in the Customs Service, Customs Commissioner Carol Hallett, wrote in a February 15, 1992, letter to FBI Director William Sessions: “In the past several years, as a direct result of the FBI and Customs working together [i.e., cover-ups of internal corruption], notable accomplishments have been achieved in the area of dismantling large drug trafficking organizations.”

The smoke and mirrors went both ways. Sessions, in a February 26, 1991, reply, wrote: “The importance of the January 22nd meeting was to reaffirm the long-standing spirit of cooperation between the FBI and the United States Customs Service (USCS) and strengthen the lines of communication between our agencies. Your assistance and positive support in resolving these issues is indicative of the spirit of cooperation that has been the benchmark of FBI and USCS relations. I look forward to a continuation of that tradition.”

These letters appear to be written by people on another planet, or surely, under the spell of some strong hallucinogenic substance. No matter, the public takes it all in as gospel, and that is what counts!

**Duplicity of Congressional Obstruction of Justice**

For over 30 years I have encountered and documented congressional obstruction of justice. Many deep-cover insiders, FBI agents, and others have provided prima facie proof of the corruption to members of Congress—who then covered up. These were major criminal acts that made possible great harm upon the United States and many of its people. The 1553-page report, one of many revealing reports, received the same cover-up by members of Congress and most of the media. None of the committee members, or any other congressional committee members who knew about the findings in that report, made any effort to bring about the cessation of the drug smuggling into the United States by federal employees and agencies. This type of cover-up violated many federal criminal statutes for which an ordinary person would end up in prison.

**Customs Service Drug Smuggling Report: Disappearance**

A May 3, 1993 *Associated Press* (AP) story described an explosive eight-
volume file prepared in December 1990 that disappeared from a final Washin-
gton report in 1991. The missing files described “Customs Service drug smug-
gling” and reported a pattern of drug trafficking by Customs inspectors. This
report was sent to Washington and then removed from government files. Most
newspapers refused to print the AP story, but I found it in the Oakland Tribune.

**Mexico’s Cartels Buying U.S. Cops?**

The title on a *U.S. News & World Report* article (March 8, 1999) was “The
Corrupting Allure of dirty drug money.” with the subtitle, “Are Mexico’s cart-
tels buying U.S. cops?” The article described INS inspector Rafael Landa, with
a salary of $35,000 a year, having $300,000 cash stored in his Nogales, Arizona
home. It was believed that two Mexican drug gangs paid Landa and two other
INS inspectors almost a million dollars for allowing over 4000 pounds of co-
caine to cross the border. That quantity of cocaine had a street value of over
$1.5 billion.

**Customs Agents Taking Kickbacks from Informants**

A July 24, 1998 article in the *San Francisco Daily Journal*, referring to
U.S. Customs Service agents, said: “A number of incidents brought strong criti-
cism to the [Justice Department], among them the government’s failure to dis-
lose that a U.S. Customs agent took a $4,000 kickback from an informant in a
major drug-smuggling trial.” Former Customs Agent Frank Gervacio received a
$4,000 kickback in a drug case from government informant Michael Woods in
a major international marijuana case. The kickback tainted a major drug case
involving a former member of the Thai parliament, Thanong Sirprechapong, in
which over 90,000 pounds of marijuana were smuggled into the United States
during the 1970s and 1980s. The attorney for the Thai defendant moved to have
the case dismissed on the basis of the misconduct between the informant and
the U.S. Customs agent. The kickback resulted in criminal charges filed against
the Customs agent in U.S. District Court, San Francisco (*U.S. v. Gervacio,*
CR97-0275MHJP N.D. Cal).

**Federal Judge’s Suspicious Leniency**

Despite the seriousness of the matter, the position of trust which the gov-
ernment agent occupies, and the fact that a multi-year investigation of a major
drug operation was legally undermined, U.S. District Judge Marilyn Patel sen-
tenced Gervacio on March 1, 1999, to only 100 hours of community service
and ordered him to pay a fine in the amount of the kickback (March 1, 1999).
Not much more than a person receives for a traffic offense. In the third editions
of *Unfriendly Skies* and *Defrauding America*, I describe in detail the corruption
by this federal judge that covered up for major high-level crimes against the
public.

There can be several reasons why a government agent receives a kickback
from a government informant. The government agent and an informant may
have engaged in a conspiracy to set up an innocent person, which results in the
informant receiving compensation based upon the recommendation of the gov-
ernment agent, and the government agent builds up a favorable record for job
actions. The informant than kicks back part of the government compensation to
the agent.

Another reason could be that the informant is alerted to a major drug ring
by the government agent and given insider information that the informant can then claim in a notice of criminal activities made to the government agency. After being paid for “his” tip, the informant kicks back part of the government money to the government agent who provided him the initial information.

“A national disgrace!”

Tucson FBI Resident Agent in Charge, Steve McCraw, described the bribing of U.S. agents along the border as “a national disgrace.” Drug Enforcement Administration Chief Thomas Constantine estimated that drug cartels pay over $1 million every week in bribes to government agents.

A February 1999 Treasury Department report stated that the Customs Service had repeatedly failed to fight internal corruption, and continues to be affected by a “long history of strife and infighting” involving its two internal investigative units.

How Corrupt Government Agents Increase Their Income

There are many ways for government agents responsible for drug-related matters to increase their income. For instance:

- Notify drug traffickers when the inspector will be on duty at a border check point so that the trafficker can be waved through without an inspection.
- Pass along knowledge of an arrest warrant about to be served.
- Pass along knowledge existing in one of the government databases.
- Make a bogus inspection of a drug-laden vehicle and allow it to pass without inspection.
- Destroy evidence in the files pertaining to a targeted drug trafficker.
- Refuse to initiate investigations, or close down investigations, when the evidence of such crime exists.
- Transfer or reprimand agents who develop evidence sufficient to indict.
- Order agents not to conduct an investigation of a particular person or company known to be involved in drug trafficking.
- Federal agents or U.S. Attorney refusing to act on evidence of criminal activities when related to high-level government officials.
- Federal agents or U.S. attorneys falsely stating the evidence is not sufficient to convict so as to protect government-related activities.
- Federal agents or U.S. attorney filing sham criminal charges against government agent who reports crimes being protected by higher officials.
- Government supervisors filing unfavorable reports about an inspector, or transferring him or her into an assignment away from the scene of the corrupt activities.
- Charge investigator with technical violations and take disciplinary action against him or her, when the investigator is reporting politically sensitive or government-protected corruption.

Instructed to Commit Fraud and Perjury by DOJ and Customs

Mark Conrad was a veteran in the Customs Service, who was resident agent in charge (RAC) in Customs Internal Affairs at Houston, responsible for a nine-state area. He retired from U.S. Customs Service in December 1998. He
was very vocal in articulating the misconduct he had seen over the years. He provided me with information about corruption in Customs and the Department of Justice. In one letter he said:

*I can give you explicit details of my being asked to lie in Federal Court in Ft. Lauderdale; to ignore blatantly false representations to a Federal judge in San Diego, to lie in an internal investigation, etc. I can provide you with actual documents that prove the government altered computer records (Internal Affairs reports) to reflect what management wanted—not what the facts were and I can provide you with specific sources and outside independent government agents that can confirm what I say.*

**Customs Admits Internal Corruption**

“U.S. Customs Admits Its Own Drug Corruption,” was the title to a New York Times article (February 17, 1999) as it referred to an Office of Professional Responsibility (OPR) report which stated in part:

*The officials said the number of (internal corruption) cases might be higher because the corruption often required little involvement by an officer whose only overt activity was to turn away when a car carrying drugs pulled up at an inspection lane. Such cases are extremely difficult to detect, given the volume of cross-border traffic.*

One of the most serious issues to emerge in the report was the animosity between the agency’s internal affairs unit and the Office of Investigations, which conducts criminal inquiries into violations of Customs laws. The report found what it called a “long history of strife and infighting” between the two units, an animosity based on investigations agents’ belief that agents assigned to internal affairs “are incompetent, overzealous and spend too much time investigating matters that are unrelated to corruption.”

Two Internal Affairs agents interviewed in the course of the review said the hostility had “a debilitating effect on their ability to perform their jobs diligently” and “diminished the importance of their work.”

Some agents cited instances in which investigations agents interfered with or compromised investigations. The report did not cite specifics but said that two Federal prosecutors had considered excluding Customs agents from corruption cases because of the conflict that the report said had reached “critical proportions.”

**Prosecuting America’s Men and Women While Protecting Corrupt Government Personnel**

The corrupt culture that permeates U.S. Customs protects the major drug traffickers who pay bribes. To offset those drug traffickers that are allowed to pass through Customs, some agents pick on those who aren’t in a position to pay for protection: the average Joe or Jane passing through Customs. Agents receive extra money for catching people smuggling small quantities of drugs, and this extra compensation leads to harassing abuses against many people who have not committed any smuggling offenses.

**Personal Outrages Resulting from Personal Searches**

The PBS television show, Frontline, titled “Snitch,” which aired on April 29, 1999, documented the cases of people, including women, who were sub-
jected to body cavity searches, who were detained for hours at a time, made to take laxatives while detained and endured people watching them defecate, looking for ingested drugs. This can happen to you, your wife, your mother, and you must accept it. This is all a part of the deteriorating constitutional rights that formerly existed but are now lost, a condition younger people don’t recognize.
A veteran FBI agent and highly-decorated Vietnam veteran provided still further corroboration to the fact that the CIA has been smuggling drugs for the past 40 years, that the CIA has been engaging in drug trafficking with Mafia segments, and that the FBI and other Justice Department divisions have covered up for these interrelated crimes.

Richard M. Taus had been a Special Agent for the FBI from 1978 to 1988, during which time he was assigned to organized crime and foreign counter-intelligence operations. He held the responsible position of relief Supervisory Special Agent (SSA) in the New York City area. In addition to his FBI duties, Taus was a Pilot-In-Command (PIC) flying missions for the FBI’s New York Field Office. The New York Times Reference Book For the Year 1988 lists Taus under “FBI Events.” In the 1980s he conducted an undercover operation as part of a group consisting of 17 special agents. He also held the rank of Lieutenant Colonel in the aviation branch, U.S. Army Reserve.

A Brief History of Richard Taus

Taus had two tours of duty flying combat missions in Vietnam during which he received three Bronze Star Medals and seven Air Medals, as well as several decorations for meritorious service. In 1967-68, as an Armed Forces Courier officer, Taus fought in the Tet Offensive and flew in the siege of Khe Sanh. In 1970-71, as a Helicopter Unit Commander for the First Cavalry Division, Taus, then Captain, flew Boeing CH-47 Chinook helicopters directing rescue-and-recovery operations.

On that last Vietnam tour, Taus adopted a Vietnamese orphan he brought back to the United States and who now bears the name, David Taus. This adoption was historic and received national media attention. It required obtaining specific approval and assistance from President Thieu and President Johnson, and amending U.S. Immigration and Naturalization laws. David Taus would later work for the FBI in the mid-1980s as a personnel analyst in the New York Field Office.

Taus Reporting CIA Drug Trafficking in Vietnam

While he was a helicopter unit commander in Vietnam, Taus discovered and reported to his supervisors, widespread drug trafficking by the Central Intelligence Agency. Taus described how the CIA transported drugs that were sold to American GI's in Vietnam and Laos, causing over a third of the armed
forces in Vietnam to become drug addicts. These GIs were often too drugged out to either fight or defend themselves. In addition, in that condition, they often killed their own officers, a practice known as “fragging.”

**Hesitant About Revealing Government Corruption**

I first made contact with Taus in 1997, and he was hesitant about revealing government corruption that he discovered while an FBI agent. I explained to Taus that there was a U.S. Supreme Court decision rendered about 15 years earlier stating that a federal employee had a greater duty to report criminal activities by his superiors than a duty to cover up for such crimes because of any employee secrecy agreement. I also explained that in my opinion, the statutory requirement to report federal crimes, such as required by federal criminal statute Title 18 USC Section 4, superseded any secrecy agreement required to be signed by government employees or agents. *Failure to take unusual actions to circumvent the massive government and non-government cover-ups, and expose these criminal activities, would make us culpable of aiding and abetting the activities that were inflicting such great harm upon the people of the United States.*

It wasn’t as if we were endangering lawful secret operations or deep-cover operatives. We were making known serious criminal and even subversive activities that required circumventing the cover-ups by government and non-government checks and balances. If we did not do that, we would be joining the complicity of cover-ups and obstruction of justice responsible for the continuation of these corrupt conditions. Government retaliation upon Taus had silenced his ability to report these matters, but exposing them in a book would at least make some of the people aware of what was occurring behind the scenes in government.

**Internal FBI Cover-Ups Too Pervasive**

Taus said he did all he could to report these criminal activities, but the cover-up was too pervasive. The cover-up included senior FBI officials such as Oliver “Buck” Revell, who had earlier stalled and stopped legitimate FBI investigations concerning both the Iran-gate and Iraq-gate scandals, similar to his boss, J. Edgar Hoover, protecting organized crime for many years.

**Discovering Criminal Activities in CIA, White House**

He stated in general terms about discovering evidence of major criminal activities involving the CIA, the White House, and other government operations. Over a period of several years, Taus provided me with sufficient data to write a book solely on his discoveries as a military pilot and then an FBI agent. This chapter covers a small part of what Taus conveyed to me.

**CIA Hauling Drugs**

While Taus was piloting a helicopter in Vietnam he heard over the aircraft radio a distress call from the pilot of an Air America C-46 aircraft about to make a crash landing. Taus proceeded to the crash site and landed, offering to fly the unharmed pilots to their base of operations. But the crew refused to leave the aircraft, saying they would wait for Air America people to arrive. The reason for refusing to leave the aircraft was suggested by the nature of the cargo; it consisted of heroin, estimated at about 4000 pounds. (Air America and its predecessor airline, Civil Air Transport, among others, was one of many
CIA airlines. While I was flying captain for Japan Airlines out of Tokyo, where many of these CIA-associated pilots went for recreation, I learned from them that the CIA was hauling drugs.)

**Military and Congressional Cover-up of CIA Drug Trafficking**

Upon return to base, Taus made a written report to his military unit commander describing the heroin on the Air America aircraft. He also sent a letter to his New York congressman, reporting the CIA’s drug smuggling operation. A congressional “investigation” followed, which covered up for the CIA’s drug smuggling—a congressional cover-up that has gone on for the past 40 years.

**Air America Crew Heavy Drug Consumers?**

The final congressional report stated that the heroin on the Air America aircraft was not for the CIA, but for the personal use of the crew. Four thousand pounds for the personal use of the crew?

**Discovering CIA Drug Trafficking in Vietnam and in United States**

Taus returned to the United States from Vietnam and became part of the New York National Guard, assigned to instructor duties for the U.S. Army Command and General Staff College courses. While on military duty with the National Guard, he was sent to Central and South America several times on special missions, during which he learned more about the global drug trafficking business and the involvement in it of the CIA, State Department, and U.S. military.

**FBI Reports of CIA Involvement in Other Criminal Activities**

After leaving the military, Taus joined the FBI as a Special Agent, and continued his ties to the military as a senior officer in the Army Reserve. During his FBI investigations, Taus discovered covert CIA operations in the United States, including looting the savings and loans, and other criminal activities. These were all undercover operations that had been described to me over the years by undercover agents who were part of the CIA activities. Hearing it from a veteran FBI agent provided more corroboration.

**CIA Infiltrating the FBI**

Taus explained how the CIA had infiltrated the FBI and discovered the names of FBI agents and informants, and investigations that could expose covert and criminal CIA operations. The CIA knowingly gave false information to FBI agents, seriously jeopardizing FBI missions and misleading top Justice Department and White House personnel. Most of this false information is still in FBI records.

**20 Years of Reporting CIA Drug Trafficking**

Taus was very concerned about the CIA drug smuggling that he observed over a 20-year period of time while an Army officer and then while an FBI Special Agent. This concern was increased by his discovery that the CIA was actively involved in drug trafficking with organized crime figures in the New York area. And if this wasn’t enough, his concern was further heightened by FBI supervisors ordering him to shut down his investigation.

Taus and other FBI agents discovered CIA drug trafficking as a result of their investigations into other organized crime activities, and aided by the Pennsylvania Crime Commission Report on drug trafficking among pizza outlets and cheese dealers. The Pennsylvania report described extensive interstate
and international drug-trafficking involving Mafia figures throughout the
United States and Canada.

**Pizza Connection Drug Cases**

Taus, while heading an FBI investigative team, discovered CIA involve-
ment with the American Mafia in drug trafficking during the time when Assis-
tant U.S. Attorney (AUSA) Louis Freeh was prosecuting the Italian Mafia’s
drug trafficking activities in the Pizza Connection drug cases. Freeh’s prosecu-
tion of these cases propelled him to prominence in the FBI and he eventually
became the director of the bureau.

It was Taus’ belief there was a conflict between the Sicilian Mafia drug ac-
tivities and those of the American Mafia, and that the CIA’s connections were
with the American Mafia. He felt that the *selective* crackdown on the Sicilian
Mafia was to eliminate competition to the CIA-backed American Mafia. Freeh
was protecting the Mafia’s American segments that had CIA drug ties. Taus ex-
plained, “Other known figures with connections or associations to the CIA es-
caped federal prosecution.” Also, the Pizza Connection drug charges focused
on low-level Mafia figures while protecting high-level drug kingpins and their
accomplices in government. Taus explained the obstacles blocking prosecution
by well-placed political figures, judges, and others. He explained how AUSA
Freeh blocked the issuance of subpoenas for such companies as Cremosa and
Drexel-Castle, which had CIA connections.

Taus explained that the American Mafia was an entrenched third generation
and that the Sicilian Mafia, which was more violent, was creating not only
competition in the drug business but also causing too much friction.

**Difference Between Street Mafia and Higher-Level Mafia**

Taus explained the difference between the street Mafia represented by the
five crime families in New York and the higher-level Mafia imbedded in blue-
chip Fortune 500 corporations and in high government positions. He described
the situation in which the Sicilian drug trafficking involved in the Pizza Con-
nection cases was interfering with other government drug-routes and supplies
from the Middle East through Turkey, Bulgaria, Syria, and Lebanon. He said it
was this competition that caused Justice Department personnel to eliminate the
Sicilian Mafia from the drug business.

The media gave Louis Freeh credit for developing the Pizza Connection
cases but Taus explained that the credit belonged to the Pennsylvania Crime
Commission.

**Discovering Other CIA Drug Connections, Including the K-Team**

During Taus’ FBI investigations, he discovered that several of the people
involved in the drug trafficking were members of a CIA group in Freeport,
Long Island, known as the “K-Team.” Several of the CIA K-team operators
were associated with a CIA-related firm, Drexel Company, which later changed
its name to Castle Securities after its CIA-controlled Cayman Island parent,
Castle Bank. One of the key figures in the K-Team was Sal Imbergio, who ran
for mayor in Freeport.

**Drexel, Burnham, Lambert and Mafia Connections**

Taus explained that Drexel was connected to the larger business firm of
Drexel, Burnham, Lambert, a junk-bond securities company with Mafia associ-
ates and high-ranking political connections in New York State. He explained that he tried to show Louis Freeh the connections between the Drexel firm and the drug activities of the Pizza Connection, but Freeh refused to act on the information, concentrating instead upon the Sicilian Mafia members while protecting CIA-related operations.

**Mafia, Drugs, Savings and Loans, and the CIA**

Taus listed some of the Mafia figures involved in drug trafficking who he investigated. These included Carmine Persico, a member of the Colombo crime family; Salvatore Piga, a Luchese crime family member; Mario Renda, a Mafia untouchable heavily involved in looting of savings and loans during the 1980s; Angelo Ruggiero, a member of the Gambino crime family, and Giuseppe Lamberti and Salvatore Mazzurco, partners in the Mafia-controlled Pronto Demolition Company.

Piga went to First United Company in Garden City, Long Island, a brokerage house dealing in credit exchanges that was owned by Mario Renda. Renda had numerous foreign operations, some of which were shell companies to confuse investigators and for diverting funds. Taus explained that some of these were associated with Oliver North's Enterprise operation in Central America.

**Ties with the CIA’s Southern Air Transport**

One of Renda’s firms, Amalgamated Commercial Enterprise (ACE), played an important role in the weapons and drug shipments to and from Central and South America and Florida. ACE was also doing business with and supporting Southern Air Transport’s missions involving arms and drug shipments that were part of the White House’s National Security Council and CIA operations.

**Southern Air Connection to Drugs and the CIA**

Taus described how his investigations took him to Florida and discovery of Southern Air Transport’s relationship to the CIA and drug trafficking, which provided more corroboration to what was revealed to me by my many CIA sources over the last decade. He discovered the involvement in drug trafficking by the National Security Council, Oliver North, and the White House.

**More Evidence of CIA Looting of Savings and Loans**

Taus described finding evidence of CIA connections in looting the savings and loans, adding: “The Freeport CIA station was involved in financial fraud with unsecured loans, unauthorized securities, dummy shell corporations, and the bilking of numerous savings and loans.” He described the CIA’s unlawful participation and meddling into areas handled by other government agencies, such as the State Department, Defense, and Commerce. He described how Irangate and Iraqgate were some of the consequences of the illegal CIA activities.

Details of most of what Taus found during his FBI investigations had been told to me for the past ten years by my CIA and other deep-cover sources, some of who were carrying out these activities under orders of their superiors or handlers. Taus’ separate discovery of these matters, while an FBI agent, provided further corroboration to what others had told me was true.

**FBI Supervisor DeVecchio Refused to Act on Taus’ Reports**

Taus described how his immediate supervisor, R. Lindley DeVecchio, refused to act on his reports of CIA-related drug trafficking. The reason why his
FBI supervisor did not act on the CIA and American Mafia drug trafficking surfaced several years later. In late 1996, DeVecchio was charged with aiding Gregory Scarpa, a member of the Colombo organized crime family. The relationship between organized crime and Taus’ FBI supervisor came out during a hearing in federal district court in Brooklyn.

**FBI Turncoat Responsible for Many New York Murders**

Federal prosecutor Valerie Caproni charged DeVecchio with lying, claiming that the FBI agent had fed confidential information to Scarpa, and that this information fueled murderous warfare between two Mafia factions in 1991 and 1992 as they each sought control of the Colombo crime family. Ten mobsters and an innocent teenager were killed. Caproni said Scarpa was a battle commander in one faction and played a leading role in bringing about the murders.

**CIA Assets in Congress**

Taus wrote, “Our infamous congressional leaders are either former CIA agents, such as congressman Henry J. Hyde, or stooges for them, such as Arlen Specter, Charles Schumer (now a senator), Alfonse D’Amato and even my own representative, Peter King of Nassau County.”

**CIA Arming the IRA**

He described discovering that the CIA provided arms to the IRA. In *Defrauding America* I mentioned Stephen Crittenden, the head of a covert CIA airline, who described to me flying a C-130 into Ireland with a load of arms for the IRA.

Based upon his vast FBI background, Taus wrote about the Mafia’s infiltration of government:

*There is a sanctioned Mafia organization that works within our government and industries. I know. I have discovered it under the veneer of the surface “street gangsters” such as Gotti, Scarpa, Bonanno, et al, who answer to an appointed Godfather (the late Paul Castellano). In turn, Paul takes orders from his first cousin Vito Castellano who works for the Governor of New York in Albany, N.Y. Incredible? I do not know who is boss now.*

Taus told about his informant who had revealed the CIA drug route that was associated with the Pan Am Flight 103 disaster over Lockerbie.

**Investigating the CIA-Front, the K-Team**

In the 1970s, the FBI started receiving reports of criminal activities involving a group known as the “K-Team” operating out of Freeport, Long Island. Taus’ FBI superiors ordered him in 1981 to start an undercover operation to investigate this group. The cover for this FBI investigation was the Freeport Soccer Club, and enabled the FBI to infiltrate the K-Team operation. During that investigation, Taus discovered the K-Team operations included several CIA operatives.

**The Enterprise, Iraqgate and Irangate**

The K-Team had connections with the patriotic-sounding National Freedom Institute that conducted its operations under the name, “The Enterprise.” Taus said that this was the same “Enterprise” that repeatedly surfaced in the Iran-Contra congressional hearings. During this FBI investigation, Taus’ team discovered that the K-Team was a CIA operation and that it was engaging in drug trafficking, looting of savings and loans, and activities related to what
later became known as Irangate and Iraqgate.

Taus’ team discovered in 1983 that K-Team members arranged for Iraq to obtain U.S.-backed loans for agricultural products and that the money was used to purchase war material. These loans for the purchase of war material continued until Iraq used the military weapons to invade Kuwait. The Reagan-Bush team knew of the diversion of U.S. funds for military use years before the 1989 Iraqi invasion of Kuwait. Their cover-ups, or active role in the funding and military buildup, made possible the Gulf War and the events that followed.

**Discovering Scandals Several Years Before Media Exposure**

Several years before the public heard about the National Security Council’s “Enterprise” involving among others, Lt. Col. Oliver North, Navy Vice Admiral John M. Poindexter, and Air Force Major General Richard V. Secord, Taus was reporting their illegal activities in his FBI reports.

Taus’ team discovered that one of the Iraqi players in the U.S. loans for commodities was Fadhil Al-Marsoumi, Baghdad’s largest weapons dealer, that the money for commodities was being diverted to military purchases, and that the Reagan White House knew this in 1983.

**Terminating the FBI Investigation and Informants**

Shortly before the 1988 presidential elections, Taus’ supervisors instructed him to shut down the undercover FBI operation and terminate the informants working for him. Three of the FBI informants failed to remain silent and sought to give their stories to the media. In 1988 and 1989, they were really terminated. One was an electrician, Ritchie Roberts, acting like the “plumbers” in Nixon’s Watergate, rigging electrical devices such as bugging equipment, and also deactivating security alarm systems. Another informant who refused to remain quiet was Thomas Ziegler (alias Charles Schering), a carpenter, who worked with Roberts. Both lived in Queens, New York. Roberts and Ziegler, working for the CIA’s K-Team, broke into the Grenadian Mission at the United Nations building in New York, obtaining documents, and planting evidence to falsely discredit people. Taus said that CIA agents assassinated them.

“I never thought the FBI would do something like this”

Taus said the third assassination, of Steve Lopez, was conducted by FBI agents, and received media attention in *The Staten Island Advance* and the *New York Post*. Taus said, “I never thought the FBI would do something like this.”

Taus said that he reported these assassinations to his FBI supervisor, Manny Gonzalez, who replied he “could do nothing to assist me with these revelations.” In 1993, Gonzalez was appointed by Louis Freeh to be an Assistant Director-In-Charge of the Federal Bureau of Investigation.

**FBI’s Assassins**

For years I had been told by some of my CIA contacts that the FBI had assassins in their employ, and I found this hard to believe. Although CIA assassinations were admitted to me by my CIA contacts—at least two of whom participated in assassinations early in their CIA careers—I had difficulty accepting the fact that the FBI would stoop to this level. Hearing it from Taus, an FBI veteran gave support to what other deep-cover operatives had told me in the past. One of the FBI names that were frequently repeated as a assassin for the FBI was Chuckie Peters.
Circumventing the FBI Obstruction of Justice

Outraged at the FBI's cover-up of the CIA drug trafficking, the corruption leading up to the arming of Iraq through sham agricultural loans, the cover-up of assassinations, and other crimes, Taus wrote to FBI Director William Sessions, reporting the criminal activities that his group had discovered, and the cover-up by his FBI supervisors. When Sessions did not respond, Taus wrote letters to members of Congress. None responded.

“Desist or you will be in great trouble”

Foreign newspapers started exposing the Iran-Contra activities, circumventing the U.S. media cover-up and forcing Congress to address the issues, at least the minor issues. Taus wrote:

When the revelations occurred in November 1986, the Team became increasingly desperate. The FBI files were being filled with misinformation about the “Enterprise” and its team members. There were assassinations. I was instructed by my FBI supervisor, Patrick Groves, to “eliminate” my informants and cooperatives who were no longer interested in cooperating with the K-Team’s own investigation. The FBI case agent on the “K-Team” case, Carmine Rivera, told me that I would be seriously hurt by my continuing investigation into Oliver North’s Enterprise. Finally, supervisory FBI officials warned me “to desist or you will be in great trouble.”

The FBI was doing everything possible to cover up the criminal activities that independent prosecutor Lawrence Walsh was empowered to investigate. Taus wrote that the FBI cover-up was in part unnecessary because Walsh covered up for the hard-core criminal aspects associated with the Iran-Contra affair, as did members of Congress.

Independent Counsel Cover-Up of CIA Drug Trafficking

Walsh had received boxes of hard evidence on the government involvement in drug trafficking associated with the Contra affair from state and federal investigators and from insiders sending him evidence, including the evidence that I sent to him. Taus identified this cover-up as he wrote,

Walsh conducted his investigations into the Iran-gate affair using the same FBI agents who tried to cover up the matter at the direction of the CIA.

Taus wrote that a young staff attorney for Walsh, Jeffrey Toobin, was continually stifled by the FBI under the umbrella of the phony “national security” label. (Toobin wrote a book, Opening Arguments, about these cover-up problems.)

Using a Standard Justice Department Tactic

On November 4, 1988, shortly before the presidential elections, the FBI took steps to silence Taus. He was arrested by his own FBI associates on sham charges. At first, the FBI charged Taus with using a government credit card to obtain ten dollars worth of fuel for his personal car. (Taus had used the credit card to fuel his personal car used on a government assignment when a government car was not available.) Then the FBI charged him with molesting young boys allegedly occurring almost a year earlier. (My FBI sources say this was not a federal offense.)

Using State Agencies in the Conspiracy
FBI Veteran Reveals CIA-Mafia Drug Ties

The quickly concocted federal charges were dropped as soon as New York state prosecutors filed charges alleging Taus had sexual conduct with several young boys who were members of the Freeport Soccer Club (the organizational structure used by the FBI for undercover cases). By transferring the charges to state courts, federal prosecutors prevented Taus from claiming the charges were retaliation for reporting government personnel involved in high-level criminal activities.

Bail was set by the Nassau County district attorney and cooperating state judge at an unprecedented $2,500,000, insuring that Taus would not be free to publicize the government corruption that he discovered. Prior to that time, Taus’ FBI performance ratings were outstanding, as were his military records.

**Judge Blocked Presentation of Exculpatory Evidence**

Taus explained how New York State Judge Edward Baker refused to allow the jury to hear any testimony or disclosures about the government’s motivation for arresting him. (This is a standard tactic by cooperating judges.) Judge Baker refused to allow evidence to be presented showing that the boys who made the charges had first denied that there were any sexual violations.

**Prosecutors Threatening the Alleged Sexual Victims**

Baker also refused to allow testimony showing that the families of the boys had been earlier charged with criminal offenses and that the charges were dropped after the boys testified as the prosecutors wanted them to do. Also, that the boys were themselves threatened with incarceration if they did not testify as prosecutors wanted. There were other judicial violations that denied Taus a fair trial.

The trial record included sworn testimony by senior FBI supervisory agents stating that “Taus was involved in highly sensitive national security cases,” and that “his arrest was ordered at the highest level in Washington.”

**32 to 90 Year Prison Sentence Insured Taus’ Silence**

Psychiatrists and psychologists hired by the prosecutor admitted that Taus told them that there was a major cover-up and conspiracy involving the Iran-Contra scandal, told them of the CIA drug trafficking activities and that it reached into the highest office in the country, and included Vice President George Bush. They testified that Taus described the cover-up of high-level criminal activities, adding that in their many years of experience they felt Taus was telling the truth. The jury, probably believing that surely the government would not be charging Taus with the offenses if he weren’t really guilty, held Taus guilty in November 1990, and Judge Baker sentenced Taus to prison for 32 to 90 years!

This sentence was outrageous even if, for argument, Taus had been guilty of relatively minor sexual encounters. Contrast this with the refusal to prosecute (or the relatively minor charges against) the hundreds of Catholic and other priests who actually preyed on boys. Over a period of years I discovered that sham child molestation charges are common tactics to silence or discredit state or federal agents who blow the whistle on high-level government corruption.

**Limited Media Publicity**

Taus’ attempts to report the criminal activities did get some media publicity
after his January 1991 sentencing. An article in the October 28, 1991, issue of *Time* was titled, “Reagan Knew Everything.” An October 26, 1992, article in *US News & World Report* was titled, “Cover-Up.” Other disclosures of what Taus discovered were later contained in an article by Ben Bradlee appearing in *Guts & Glory*.

The media reported the existence of the K-Team that Taus and other FBI agents discovered to be a CIA operation in Freeport, and that it was the home of the infamous “Enterprise” operated by the National Security Council’s Oliver North. The K-Team met the requirement of CIA-Director William Casey and the NSC’s Oliver North when the Reagan Administration fueled the war in Nicaragua, undermining the government that had replaced the brutal CIA-backed Somoza regime. An informative article on the K-Team activities was found in the December 4, 1992 issue of *Washington City Paper*.

The CIA reacted to this publicity with the standard practice of releasing a report with some truth to it and then building on it with false information, denying that it had any part in the K-Team operation.

**Help From Old Friends**

MIT Professor Norm Chomsky tried to help Taus by referring him to John Kelly, the former U.S. Assistant Secretary of State for Near Eastern and Asian Affairs. Kelly wanted to do a story about the FBI cover-up on his 1994 Public Broadcasting Series (PBS-TV), *Inside the FBI*, but Taus declined, fearing possible violations of the Secrecy Agreement Act. Kelly later testified before Congress after Iraq invaded Kuwait, falsely explaining that the State Department was unaware of Iraq’s intentions. The CIA and the White House knew what was coming; they made it possible for Iraq to build up its military might to conduct such an invasion.

**Asked to Falsify Reports**

Taus explained that one of the events that triggered retaliation against him was his refusal to falsely sign the FBI’s yearly statement requiring FBI agents to certify that they know of no unreported criminal activities. His supervisor wanted him to sign that he knew of none, when in fact he knew of a great amount of high-level criminal activities which his supervisor wanted covered up. When Taus refused to falsely state on that yearly form that he knew of no criminal activities, his Supervisory Special Agent warned him that he wasn’t on the team. That warning, and his reporting of the CIA’s criminal activities and the FBI’s cover-up to FBI Director Sessions and Congress were followed by the false charges against him that resulted in a virtual life sentence in prison.

**Removal of His Accusers For Sex and Other Offenses**

After Taus was convicted and sentenced, nearly all of his opponents were fired or resigned. The prosecutor and Deputy Chief District Attorney J. Kenneth Littman, who prosecuted Taus for alleged sexual violations, was ousted by the District Attorney for soliciting sex with a minor in the Nassau County courthouse. A November 6, 1993, New York *Daily News* article addressed the matter with the title, “Prober A Heel: Long Island Teen.” A November 5, 1993, article in *Newsday* was titled, “Prosecutor Ousted.” Taus’ trial judge, Edward Baker, retired under questionable circumstances while making front-page headlines in the August 13, 1993, issue of *Newsday*. 
FBI Veteran Reveals CIA-Mafia Drug Ties

FBI Sessions and FBI ASIC Fox Were the Next Ones Fired
FBI Director William Sessions was later fired by President Clinton after Sessions stated he would make an investigation of government corruption. The Assistant Director-In-Charge of the FBI’s New York office, James Fox, who was present when Taus was falsely arrested, was suspended shortly before he was to retire. He refused to retract a statement that he made to the media declaring the innocence of another government agent being falsely charged to silence his exposure of high-level drug activities and political bribery: Immigration and naturalization Agent Joseph Occhipinti. Occhipinti is described in other pages. Occhipinti had sought to expose Dominican drug trafficking and drug money bribes to U.S. politicians and ended up being charged by DOJ prosecutors with violating the civil rights of crime families. The stress on Fox may have contributed to his subsequent demise.

Confirmation of His FBI Reports on Criminal Activities
In seeking to obtain evidence revealing the probable retaliatory acts originating from within the Justice Department, Taus requested under the Freedom of Information Act files concerning him and his reports of criminal activities involving Iraq, Iran, and CIA drug trafficking. The FBI replied in an October 1995, letter that the FBI had over 2,400 pages containing both his name and matters relating to Irangate, but refused to give him copies. Taus had no copies of the records that he prepared as an FBI Special Agent, and as he said, if he had kept copies, they would have been seized when the FBI ransacked his home after the false charges were made.

Mysterious Death of FBI Assistant Director
Taus wrote about the mysterious death of William Sullivan, Assistant Director of the FBI who resigned from the FBI after more than 36 years of service. He quit because of the cover-ups by the FBI, including the cover-up of Mafia activities by former FBI Director J. Edgar Hoover. Sullivan was responsible for Taus’ entry into the FBI and the two of them had a close relationship. Sullivan’s attempt to expose some of the FBI’s cover-up activities was halted by his suspicious death in a 1977 hunting accident.
THE AIR MEDAL

TO
CAPTAIN RICHARD M. TAUS 1073676567 ADJUTANT GENERALS CORPS UNITED STATES ARMY

FOR MERITORIOUS ACHIEVEMENT
WHILE PARTICIPATING IN AERIAL FLIGHT

OF VIETNAM
ON

RICHARD M. TAUS
Special Agent

96-25 Ocean Blvd.
Inglewood, NY 11374
(212) 450-3140

9/3/54

CAPTAIN TAUS RECEIVING AIR MEDAL FOR BRAVERY
The following is an affidavit prepared by former FBI Special Agent Richard Taus relating to high-level corruption that he discovered as part of his official duties, and the related cover-ups.

Affidavit of Richard M. Taus

I, Richard M. Taus, declare and state: I am a former Special Agent for the Federal Bureau of Investigation assigned to the New York Field Office and the Brooklyn-Queens Metropolitan Resident Agency from July 1978 to November 1988. I was assigned to both the Foreign Counter-Intelligence Division and the Criminal Division.

During this period of time, my investigations into these matters revealed criminal activities and operations which I reported and documented to my superiors in the FBI, as follows:

The involvement of officials, agents and operatives of the Central Intelligence Agency (CIA) with organized crime members and drug-trafficking activities. And the participation by members of the CIA who engaged in the looting of the Savings & Loan (Thrift) Industries, financial scams and fraudulent securities transactions.

The involvement of people from the National Security Agency Staff and Council and the White House in criminal activities associated with funding the acquisition of military supplies and equipment, arms and ammunition which were referred to as the Iran-Contra Area Initiative, known as Irangate, and the Iraqi Scandal, known as Iraqgate.

The association between known and suspected members of the Mafia and CIA agents in conducting drug-trafficking activities and financial frauds.

I was ordered by my supervisors in the FBI to halt these investigations, destroy my written reports, terminate my informants and make no reference to these criminal and subversive activities implicating high-ranking government officials, politicians, Mafia and business leaders who controlled and manipulated government agencies and operations.

Without any support from my superiors at the FBI New York Field Office, I then sent a letter describing what I had discovered in my official status as an FBI Special Agent to the FBI Director, William Sessions, and this was ignored. I proceeded to write Congressional officials, among them Senators Arlen Specter, Alfonse D’Amato, John Kerry and Congressman Norman Lent, Charles Schumer, and many others who were on both the Senate and House Intelligence Oversight Committees. None of the above officials or representatives provided any support or assistance in exposing the CIA-White House corruption and the obstruction of justice tactics by my FBI superiors.

My sole purpose in preparing this affidavit, to be used by the former FBI Special Agent-In-Charge of the Los Angeles Field office, SAC Ted Gunderson, is to bring to justice the criminal and subversive activities that I and other government agents and operatives have discovered during our official and government related duties.

I declare and affirm under penalty of perjury that these statements are true to the best of my knowledge and belief. Executed this 13th day of August 1997, in the County of Clinton, State of New York.

Linda O’Connor

Richard M. Taus

Notary seal
Taus boarding his helicopter in Vietnam

Two of my sources had sensitive information on matters relating to Taus’
activities. My friend of many years, Jim Rothstein, described what he discovered and reported while a vice squad detective on the New York City Police Department (NYPD) in the 1960s and 1970s. During his many years as a vice squad detective he frequently reported CIA involvement with organized crime and drug trafficking.

He described the reports that he had filed of CIA drug sales to the blacks in New York City, naming some of those who were involved. His reports described how CIA operatives sold drugs directly to black distributors from about 1967 to 1972, after which time organized crime groups took over the distribution. The CIA then concentrated on supplying drugs to the crime groups. Rothstein described his contacts with a key black that acted as an intermediary between the CIA and minor drug dealers.

“Take a disability retirement or suffer the consequences”!

Rothstein’s supervisors didn’t want Rothstein’s reports of CIA activities that threatened to expose high-level people in the New York Police Department (NYPD) and local politicians. His NYPD supervisors gave him a choice: take a disability retirement or suffer the consequences. He took the disability retirement in 1981.

Rothstein described how a package of evidence exposing the CIA drug and Mafia links was put into the safe of New York district attorney Robert Morgenthau, and how the evidence disappeared by the following morning. He described how New York City and county authorities refused to prosecute high-level drug bosses while concentrating on low-level street vendors.

Military Involvement With Organized Crime

Referring to Army Colonel Edward Cutolo, referred to in earlier pages, Rothstein said that he had seen Cutolo’s involvement with the Mafia in drug trafficking. He explained that Cutolo, like other military people involved in the drug trafficking, would often have second thoughts and seek to extricate themselves from the operation. That desire may have ended deadly for Cutolo.

Daughter of Mafia-CIA Insider

Another source whose information dovetailed with Taus’ information was the daughter of a Mafia-CIA figure. She provided me additional information about some of the crime figures Taus described. Dee Ferdinand, the daughter of Albert Carone, described the bizarre and complex relationships between her father, the Mafia, and the CIA. Al Carone was a member of the Gambino family and had connections to other crime groups in the eastern United States. He was also a detective on the New York City vice squad, a member of the military, and a CIA operative.

Dee said that her father was in the OSS during World War II (the predecessor to the CIA), working in military intelligence (CIC). After the war, he returned to New York, continued his relationship with the Mafia families, and also became a member of the New York Air National Guard, 27th brigade of the 42nd Infantry division. His earlier army rank was Sergeant, which eventually was raised to the rank of Colonel when he died in 1991. He is buried in the national cemetery at Santa Fe, New Mexico.

Carone was a white-shield detective in the 42nd and 81st precincts while working with the New York City police department. He took frequent leaves of
three or four months at a time to carry out operations for the CIA, using military cover. His connections with the NYPD ended in 1966, after which he concentrated on Mafia related activities with the CIA.

**Activities With Sicilian and American Mafia**

Dee described some of the Mafia’s meeting places and front-operations. She referred to a restaurant and catering place in New Jersey called “The Tides” and the “Riviera Club” in the Bronx. She said Cosmo Fish and Shrimp Company in Nevada had connections to organized crime.

She described some of the drug trafficking names that she heard in her home, including Shavey Lee’s in Chinatown, New York, where her father frequently visited. Dee said that Shavey Lee had drug connections in Hong Kong. She described the relationship between the Sicilian and American Mafia, and how the Sicilian Mafia first got started working with the CIA during World War II. She said that it was the Sicilian Mafia in Italy that controlled the American Mafia. She describe how Vito Genovese kind of adopted her father when her father was growing up in Brooklyn, and that relationship eventually got him into key positions within the Mafia families. Her father called Genovese, Uncle Vito.

**JFK Assassination Ties**

Referring to what her father and Marita Lorenz had told her (Marita Lorenz worked for the CIA. She was a girl friend to Fidel Castro and bore a son from their romantic relationship. She played a little-publicized role in the JFK assassination), Dee said:

*My father knew Frank Fiorini, the alias for Frank Sturgis. One and the same person. Frank Fiorini was there also [Dallas]. Jack Ruby was the payoff man involved with the JFK assassination. Marita had given me information about traveling by car with three Mafia-CIA figures from New Orleans to Dallas, arriving in Dallas the day before the assassination, and facts that strongly implicate this group with the assassination of President John F. Kennedy.*

**Dual CIA-Mafia Ties**

Dee described her father’s concurrent relationship with the Mafia, the New York City police department, and the CIA. Key points that she described were confirmed by independent sources, including Jim Rothstein of the New York Police Department and CIA operatives Günther Russbacher and Oswald LeWinter. She filled in missing Mafia and CIA links that FBI Special Agent Richard Taus had suspected during his FBI investigations.

Having grown up in a Mafia family and being friends with top Mafia bosses, Dee was very helpful in explaining the complex relationship between the Mafia and the CIA. She explained details of her father’s activities as a CIA paymaster, moving money to and from the Mafia families in New York, New Jersey, and Pennsylvania, the CIA, the Mossad’s involvement, and payoffs to the New York City police department.

**Comparing Notes Between FBI and Mafia Families**

Taus had given me a list of some of the Mafia figures that he investigated, and I asked Dee what she knew about them. She said that some of the people were her family. For example, she said, “Angelo Ruggiero was my father’s
cousin.” Neil Dellacroce was related to her father. Referring to Joe Percillia by his alias, Joe Pickle, Dee said that he was with the Genovese family and the Gambino family as they merged. He was also with the Colombo family.

Dee said that her father’s primary connections were originally with the Genovese and then with the Gambino family, and also the Colombo family through Joe Percillia. She said her father also had lesser connections to other Mafia groups.

**Growing Up in a Mafia Family**

Dee described life growing up in a Mafia family, explaining:

> You have to understand when I was growing up, there was no such thing as organized crime being spoken. It was a way of life with certain people in your home, or you were in their home, or whatever. You didn’t know what these people did. Everybody’s dad was like everybody else. They went to work every day and that’s it.

> Would they talk about killing people? No. Nothing seemed dysfunctional. It was just a family. You didn’t think anything odd. What you saw in your home and how you were treated by these people was not how they were on the outside. You didn’t think about it. You didn’t know what these people did. It came out after a while as you got older. You wouldn’t talk about something like that. What is spoken in the home never goes beyond the home.

Referring to Santos Trafficante, Dee said, “He was a good friend of my dad. He was at my wedding. Uncle Sonny. That’s what I called him.” Referring to Sam Giancana, she said, “Giancana was a good friend of my dad.”

**Drugs and the New York Police Department**

Dee said her father was a detective and “bag man” in the New York City police department, collecting money that was distributed to captains and inspectors as payoffs for “looking the other way” where drugs were involved. Dee explained that her father, while a plain-clothes detective in the New York City police vice squad, paid money to the captains and inspectors of different precincts, and paid off mob figures. Referring to Inspectors Jack Lustig and Vince Nardiello, Dee said, “They were involved in the payoffs, and these are the people my father worked with.”

**CIA Paymaster**

“My father was not only part of organized crime, but also a CIA paymaster.” When I asked where that money came from, she replied, “The monies always came from the agency or the mob, in cash.” When I asked what crime families were paid off, she said, “All the families.”

**Mob Boss Castellano As Frequent Breakfast Guest**

She described how Paul Castellano, the boss of the New York crime families, was a frequent breakfast visitor at her home, and how she knew him as Uncle Paul. (Castellano was later murdered on orders of John Gotti.) Dee explained that Castellano was a brother-in-law to the former mob boss, Paul Gambino, and got the job because his wife was Gambino’s sister.

**Assassins For the CIA**

Dee described how the Mafia handled assassinations in the United States that were requested by CIA personnel, explaining, “When the Agency needed
people assassinated in the United States, the mob was used.” (The CIA does its own assassinations overseas. Deep-cover operatives Gunther Russbacher and Russell Bowen had reluctantly described their role in assassinations many years earlier.)

**Drug Deals Between the Mafia, CIA, and Mossad**

Dee said that her father started in drug trafficking in the Vietnam days, for the CIA and the Mafia. Explaining other aspects of the Mafia’s drug dealings, Dee said, “Sam Giancana did a lot of drug deals with the Agency.” She added that organized crime and the CIA had regular drug dealings with Noriega and the Mossad, and that former Mossad operative Michael Harari was routinely involved. “A lot of this money was split with the Mossad and the Agency. They had to use the mob; there isn’t too much difference between the CIA and the mob. They worked together.”

**Frequent Contacts With CIA Agent Shackley**

Dee described the frequent contacts that her father had with CIA agent Theodore Shackley relating to drug trafficking. (Several CIA operatives described Shackley’s drug involvement to me over the past ten years.) Dee described how she called Shackley several years ago, demanding that her father’s grave marker be changed, showing him as colonel instead of staff sergeant. (Sergeant was Carone’s permanent military status and colonel was his temporary commission status.) Within two weeks, the marker was replaced, showing his rank as Colonel.

**Operation Amadeus: Joint CIA-Mafia Drug Smuggling Operation**

Referring to the CIA-Mafia drug trafficking, she said she knew from what her father said that the drugs coming from South America went to the Colombo, Genovese, and Gambino families, and that it was a joint CIA-Mafia drug operation under the code name Operation Amadeus. She said that during World War II, Operation Amadeus was involved in transporting Nazi officers from Germany into South American countries. According to her father’s notes, Operation Amadeus split into several other operations, including Operation Sunrise and Operation Watchtower.

**CIA-Mafia Drug Money Trail**

Repeating what she learned from her father, Dee said part of the money trail went through a bank in England, to the Bahamas, Bank of Zurich in Switzerland, among others. She said her father carried cash between Mafia figures and the CIA.

**Targeting the Blacks in Harlem**

I told Dee what Rothstein had told me about CIA drug sales to the blacks in Harlem, and Dee gave me another side of that operation. She confirmed that the CIA and the Mafia did target the blacks in Harlem for drug consumption, adding:

> In Harlem, the blacks, definitely. It was their [CIA-Mafia] mainstay. That’s how their money came, but it backfired on them. They really didn’t think it would get into the white communities as much as it did. They targeted blacks and Puerto Ricans. My father was always saying, “Who gives a shit about the niggers!”

Dee told me about calling Congresswoman Maxine Waters’ office and explain-
FBI Veteran Reveals CIA-Mafia Drug Ties

ing who she was and about the drug trafficking, including the targeting of the blacks, and the lack of interest shown by Waters’ staff. That reflects similar lack of interest shown by Waters’ office when some of my drug trafficking sources also volunteered information about their CIA-DEA drug trafficking knowledge.

**False Sexual Charges**

Dee explained how internal politics within the NYPD resulted in her father being falsely charged with child-molestation offenses, causing him to be sent to the psychiatric unit of South Oaks Hospital. He was then given a choice of retiring or being prosecuted. “My father wound up with a full pension. Charges were dropped. This is how they set them up.” Other CIA operatives, including long-time CIA veteran Gunther Russbacher, had told me years earlier about the CIA’s use of pornographic and prostitution services used to get incriminating evidence on key political figures for blackmail purposes.

“I’m not long for this world; it’s over.”

After being ousted from the New York City police department, Carone moved his family to New Mexico (August 1980). He continued his military and CIA connections, traveling frequently to various military bases, including Kirtland Air Force Base, Fort Bliss (El Paso), and others. Eventually Carone fell out of favor with the CIA. Following a trip made to Mexico in 1984, Carone told Dee that he “wasn’t long for this world; it’s over.” Dee said her father felt the CIA had poisoned him, which prompted him to start revealing other CIA-Mafia secrets to her, asking that she eventually make the information known. Before his death, Carone was diagnosed with chemical toxicity of unknown ideology by doctors who sought to determine the cause of his medical symptoms.

**Oliver North’s Involvement with CIA-Mafia Activities**

Dee described how her father made frequent reference to a John Cathey and his contacts with Cathey involving drug trafficking activities in the Contra operation. Cathey was the alias frequently used by Oliver North.

**Input from CIA Operative Gunther Russbacher**

Because of Gunther Russbacher’s varied CIA background and dealings with organized crime families, I called him in England and asked if he knew Al Carone. He did, and started giving me additional information, including the fact that Carone was known as “Big Al,” and that one of his aliases with the Chicago mob was “Pincheron.” Russbacher said that Carone was working with the Delente and Bufalino crime groups.

**Input from CIA Operative Oswald LeWinter**

Oswald LeWinter, another long-time CIA operative with whom I had been in contact for years, said he also knew Carone. During that conversation, LeWinter told me that in the Pizza Connection cases, Justice Department prosecutors filed charges against certain Mafia figures such as Gaetano “Don Tanino” Badalamenti, while protecting higher figures in the drug trafficking organization. This coincided with what Taus had told me. LeWinter described how Tomasso Buscetta, the mob witness used by Justice Department prosecutors in the Pizza Connection cases, was a CIA operative who would testify, and who would cover up, as desired by government prosecutors. LeWinter said that
New York Senator Alfonse D’Amato was heavily involved with the Mafia.
SABOTAGING GOVERNMENT CONTRACT PILOT

This chapter focuses on an unusual tool occasionally used by government agencies to infiltrate drug operations as they seek evidence to bring about arrests and termination of the operation: contract undercover agents. Very few of them exist. They provide their own airplanes, they fund the undercover operations, they take enormous risks, and they are paid on the basis of missions accomplished.

They carry out undercover operations that require they act as drug traffickers so as to infiltrate the targeted drug operation. They rely upon the integrity and trustworthiness of the government agents who direct and authorize their undercover activities, most of the authorizations given verbally.

This chapter focuses on the bizarre and convoluted activities of Rodney Matthews, one of those contract pilots who infiltrated the inner workings of some of the top and most dangerous of all drug kingpins. He initially worked undercover for the Texas Department of Public Safety (DPS) and then for U.S. Customs Service in San Antonio, Texas, with occasional work for the Drug Enforcement Administration (DEA).

Matthews did not know about the problems within U.S. Customs that were identified in a 1992 House report which revealed massive integrity problems within that government agency, and which exist today. If he had known of the internal problems, he would have realized that reliance upon the verbal authority given by Customs agents had grave consequences. For any number of reasons, the government agents giving him authority to haul drugs as part of undercover operations could deny having given the authorization. In a case like this, a long prison term can follow, even life in prison.

**Targeting America’s Number One Drug Target: Pablo Escobar**

Under his government authority, Matthews targeted top drug lords, including America’s most-wanted and dangerous drug trafficker at that time, Pablo Escobar. Just as he was about to succeed in this endeavor, Department of Justice personnel blocked that operation, and through perjury and corruption, caused Matthews to receive a life-in-prison sentence, while simultaneously rewarding part of the Escobar group.

**Brief View of the Matthews Family History**

First, a brief history of the Matthews family that goes back to George
Washington’s time. One of Matthews’ relatives on his father’s side was a General under President James Madison in 1812: General George Matthews. An article about General Matthews appeared in the *Miami Herald*, written by noted Florida historian, Joe Crankshaw:

*Things were looking bad for the Spanish governor of East Florida, Juan de Estrada, in 1812. Fernandina had fallen to a ragtag army of American Adventurers who proclaimed themselves to be the Republic of Florida. They had captured Fort San Nicolas near the St. Johns River and were now besieging St. Augustine.*

*On March 26, 1812, John Houston McIntosh, leader of the “Patriots,” as the ragtag army was known, sent a message to Estrada demanding the surrender of St. Augustine and the Castillo de San Marcos. He offered liberal terms, promised protection for Catholics, and assured the Spaniards that Florida would be quickly annexed to the United States.*

*On April 4, 1812, General George Matthews, an agent for President James Madison, left Fernandina promising to capture St. Augustine and then go on to liberate all of South America from Spain. It was brave talk. Matthews, McIntosh and others had also been working on the Indians. They had told the Indians that this was a white man’s war and to stay out of it. They rejected Indian offers of assistance in fighting the Spanish.*

The besieging force numbered 300 militia and, due to the intrigues of the times, 100 regular soldiers from the supposedly neutral United States. Off shore, American privateers, private vessels licensed to capture foreign shipping, bottled up the port. Estrada had about 300 men, mostly untried blacks trained as colonial troops, with which to defend the town and fort. He was determined he would not surrender, and he sent to Havana for help. He also sent an agent, Sebastian Kindelan, out into the surrounding wilderness to seek help from the Seminole Indians who had moved onto the Peninsula.

Matthews fought alongside Washington in the battles of Brandywine and Germantown where he was wounded and spent four years on a British prison ship in New York harbor. The National Archives shows Matthews was a colonel under Washington and a Brigadier General in the militia.

Before the 1812 attempt to annex East Florida, George Washington traveled to Georgia and supported Matthews in his successful bid for governor. But in 1812, Matthews fell victim to corrupt politics and was betrayed and disavowed by elements in his own government. He was branded a pirate and a criminal, and lost everything, including his life.

**Love for Flying Motivated Matthews to Transport Marijuana**

Rodney Matthews was addicted to flying, having learned to fly at the young age of 16, funding his flight lessons with odd jobs. To continue his love for flying, he started transporting low-tech electronics into Mexico in 1970, and eventually, this led to flying marijuana into the United States. This was before the drug culture took on the extreme violence with hard drugs that exists today.

In 1984, Matthews‘ luck ran out. His airplane, being flown by another pilot, had just landed at Matthews’ private airstrip at Damon, Texas, with 600 pounds of marijuana when government agents showed up. That pilot was ar-
rested by Texas Department of Public Safety (DPS) agent Robert Nestoroff and U.S. Customs agent Richard Nichols from the San Antonio Customs office. Matthews was charged with marijuana smuggling when the pilot became a witness for the government and had charges dropped in exchange for testifying against Matthews. Matthews believes his brother-in-law provided government agents with information leading to the arrest in exchange for having his charges dropped.

**Matthews’ Talents Wanted by the Government**

Luckily for Matthews, he had talents wanted by the State of Texas and by the federal government. Needing the services of someone with Matthews’ background to bring about the arrest of top drug traffickers, Nestoroff and Nichols offered to expunge Matthews’ arrest record and allow him to keep his assets in exchange for help obtaining evidence against several suspected drug traffickers. They included Jimmy Norjay Ellard, John Phillips, Larry Manley, and John McFarland.

**Working for Pay After Immunity was Granted**

After working off the deal for immunity against prior charges, Texas DPS agents continued to use Matthews in other cases, paying him for his services. Some of these cases originated from information Matthews acquired on his own, and some targets or leads were given to him. As Matthews’ value became known to other government agencies, they approached him to work for them as well. Matthews started working for Customs agents in San Antonio, Houston, and Miami, and occasionally for the Drug Enforcement Administration (DEA). At the government’s request, Matthews started transporting cocaine, something that he had not done before.

**Routine Granting of Immunity for Prior Drug Hauling**

In a later trial, Charles S. Harrison from Customs headquarters in Washington testified that government agents gave drug traffickers immunity for prior offenses if they cooperated in obtaining evidence on other drug traffickers. The government has used undercover agents, sometimes called Confidential Informants (CI), for years in the so-called war-on-drugs. Matthews fell into a different category. He was a contract agent or “cut-out” for the government, funding their investigations, providing his own expensive aircraft, incurring the high expenses, and assuming the risks of being tortured or killed by the targeted drug organizations.

In this capacity, the government paid Matthews only when his efforts proved successful. He was also paid by the trip when government agents instructed him to pick up drug loads in Colombia or other locations and deliver them to designated locations in the United States. For each of these trips, he was often paid $40,000 to $50,000. In many cases he was allowed to keep money obtained from the targeted drug lords to offset his expenses, and he kept records of these monies and the expenses incurred.

Government agents gave Matthews various aliases to keep his true identity from drug traffickers and also from other government agents and agencies. These aliases included such names as Bill Martin, Bill Miller, and “Shadow.”

**Shifting the Dangers, and Deniability, to Contract Agents**

To carry out its policy of denying responsibility for operations, U.S. agen-
cies use proprietaries, fronts, or contract undercover agents. “Proprietaries” are secret corporations or companies in which government ownership is hidden, and are widely used by the Central Intelligence Agency.

Examples would be Air America, Nugan Hand Bank, and others listed in the third edition of Defrauding America. “Fronts” are corporations or companies that allow the government to secretly use their facilities in carrying out clandestine activities. These include law offices, public relations firms, banks, insurance companies, newspapers, magazines, publishers, and an endless list of other businesses. “Contract undercover agents” are individuals doing work for government agencies such as the DEA, Customs, FBI, or the CIA. They are sometimes called “cutouts.”

If the operation fails and gains media attention, the authorizing agencies and agents simply deny any knowledge, authority, or responsibility. To add credibility to this lie, Justice Department prosecutors will usually file criminal charges against the contract agent, and fraudulently state the person did not have government authority. Matthews, as with other agents in similar positions, were acting as government-authorized undercover agents in such places as Mexico, Jamaica, Bahamas, Guatemala, and Colombia.

Confidential Informants (CI)

Another category of people who provide information but do not have the knowledge, funding, and equipment that contract agents provide are called “confidential informants” (CI). They can be a very onerous group, who openly lie with full knowledge of Justice Department prosecutors, and are used as paid witnesses against people targeted by Justice Department prosecutors. None of the key individuals within these pages, including Richard Pitt, Rodney Matthews, and Barry Seal were in this category, even though the government may have loosely referred to them as confidential informants.

Complex and Dangerous Operations

Great expense and complex planning are standard with the few contract undercover agents that various government agencies use. Sophisticated aircraft are often used that can cost a million dollars or more, and which are sometimes lost during undercover operations. Replacement engines can run into hundreds of thousands of dollars. An insurance claim for a lost aircraft often cannot be made due to the undercover nature of the operation.

Acting Like a Drug Smuggler to Succeed

In order to infiltrate high-level drug organizations, Matthews obviously had to act like a drug trafficker. This was expected of him and verbally authorized by government agents. Even though drugs would occasionally hit the streets, the intent was to get evidence on top-level people and bring down the entire operation. Also, when drugs were allowed to reach their destination, arrests would often be made down the distribution chain so as not to focus suspicion on Matthews.

To be effective, an undercover operative must be resourceful, flexible, able to think quickly on his feet, take immediate advantage of any opportunity that arises, act the part of a drug trafficker, and try to avoid being a government undercover agent and subsequently killed. Because of the complex and ever-changing nature of undercover operations, and the lack of expertise in these ar-
eas by government bureaucrats, the undercover agent must have the freedom to function in various undercover roles outside of internal government guidelines.

**Given Wide Latitude by Government Bureaucrats**

Government bureaucrats, sitting safely in their offices and without the experience possessed by people such as Matthews, do not understand the complexities of infiltrating powerful drug organizations. This lack of knowledge and the constantly changing conditions required that Matthews and other contract agents in a similar capacity be given wide latitude and discretion in bringing about a successful infiltration of the targeted crime group.

**Danger from All Directions**

The combination of informal verbal authority and wide discretion to carry out the task of infiltrating powerful drug groups carries great risks for the contract agents who assume there is a uniform procedure and recognition among different government agents and agencies. They believe that an undercover agent working under authority given by one agent will be respected by agents of another agency or another office of the same agency. Many contract agents discovered after the fact that this situation did not exist.

**Matthews Set Up Many Sting Operations**

For over a year, Matthews described to me in hundreds of pages of factual information and documents undercover operations he carried out under the blanket authority given by various government agents from U.S. Customs, the Drug Enforcement Administration (DEA), and U.S. attorneys. In one of the letters he wrote:

*I set up the 500-kilo load out of Cali to Panama in 1990. I set up the 600 kilo air-drop in the Gulf of Mexico in 1990 and I was on the Customs boat that received it. I set up the bust of the 300 kilos that caused Emmons to be busted in Florida in 1989. I flew in the cocaine and set up the 50 kilo bust in Ontario, California, where my $100,000 was seized in February of 1989. Between 1984 and 1986, I set up numerous grass [marijuana] loads, including a ship out of Colombia.*

**Matthews’ Introduction into Mexican Presidential Drug Protection**

The type of work Matthews was doing required that he initiate investigations that could lead to drug busts. One of these self-financed investigations took him, physically, into the presidential palace in Mexico City. In trying to infiltrate a suspected drug smuggling operation known as the “Emmons group,” Emmons introduced Matthews to a Cuban National referred to as “Fernando,” who worked out of a real estate office, Symms Realty, located west of Miami International Airport. Fernando was reportedly a middleman furnishing front companies, bogus loans to facilitate money laundering, and various drug-related activities. Fernando had good connections in Colombia and Mexico for moving drugs. Matthews explained:

*Fernando put me in touch with staff in the presidential palace in Mexico City who were part of the Presidential Task Force on Drug Trafficking. This Presidential Task Force would have to be notified before any major drug bust could occur, to preclude embarrassment to the President. This would be my protection or guarantee against arrest or interference. I had several meetings with these officials, which included a military officer.*
They furnished me with aerial photos of different airstrips I could use in the Pozo Rica area and offered to introduce me to the General who controlled the area. They also provided me with stacks of drawings and diagrams for an abandoned petroleum pipeline and associated landing strips on the Texas-Mexico border that they wanted to utilize for moving drugs. After meeting them at the Presidential Palace and going for lunch at a nearby restaurant several times, I became overwhelmed with the fact that the trail I had followed led to the Presidential Palace of Mexico.

[U.S. Protecting High-Level Mexican Drug Traffickers]

Before committing myself to any actual hands-on drug shipments using Mexico for transshipping I thought it prudent to advise Customs Agent Nichols, who was my contact for international-related operations at that time. Because it involved top-level officials of the Mexican government, I phoned Nichols from Mexico City for instructions whether or not to proceed. To my surprise, Nichols’ response was to back off, after I have invested several months of work, several hundred thousand dollars, and waited for almost two years to reach this point.

I had questions, but I figured who am I to question the wisdom of my government. I walked away from the whole deal in amazement of what was going on in the Presidential Palace, and after all my work and expense the U.S. government simply said—forget it.

Infiltrating the Victor Stadter Organization

In 1986, San Antonio Customs agent Richard Nichols recruited Matthews to target the Victor Stadter group suspected of drug smuggling activities ranging from California to Florida, with operations in Texas and an auto dealership in El Monte, California known as B and D Motors. It was suspected that the organization brought tons of cocaine into the United States. Matthews had first met Stadter in 1981 during an aircraft trade in which Matthews was trading a Cessna 210 for a Lake Buccaneer. When Stadter learned that Matthews was rated to fly a DC-3, he started opening up about his drug activities.

Part of Pablo Escobar’s Operation, Top Target of U.S. Agencies

The Stadter organization was reportedly tied in with the Colombian drug kingpin Pablo Escobar and his aide, Jimmy Ellard, bringing large quantities of drugs into the United States. At that time, Escobar was considered the greatest drug-smuggling threat to the United States, and guilty of hundreds of brutal murders. Obtaining evidence against the Stadter group would assist in getting to Escobar.

Escobar was credited, or blamed, for greatly expanding the drug trade by bringing together many individual drug shippers into a group. He terrorized the country, blowing up buildings, and played a key role in the bombing of an Avianca airliner, killing 110 people, and many other murders. In November 1985, Escobar joined forces with heavily armed guerrillas and took over the Palace of Justice in Bogota, killing many of the Colombian Supreme Court judges. He was responsible for killing many journalists, politicians and police. Matthews’

34 Avianca Boeing 727, November 27, 1989. Ellard and Carlos Botero, both working with Pablo Escobar, were responsible for downing the Avianca airliner.
activities were a threat to Escobar’s organization, including Escobar himself and one of his key aides, Jimmy Ellard.

Between 1986 and 1988, Matthews made nearly two dozen trips to California in an attempt to infiltrate the Stadter organization—all funded by Matthews himself, taking all the physical risks. These attempts to infiltrate the group stalled, and it wasn’t until two years later, in 1988, that his attempts to infiltrate the group started making progress. He started associating with two of Stadter’s pilots, Greg Thompson and another pilot whose first name was Benjamin and known as “Crazy.”

Matthews ingratiated himself with one of Stadter’s underlings, Diane Borden, becoming intimate and buying her a new Mercedes. She told Matthews that she counted as much as 15 million dollars of drug money at a time. She told him about Greek fishermen on Florida’s West Coast who brought ashore drugs that were air dropped into the Gulf of Mexico by the Escobar group working with Stadter. Matthews represented himself as a “player,” a polite term for a drug trafficker.

Borden’s husband, a pilot, was killed in a California plane crash while delivering a shipment of drugs for Stadter. Thompson had been waiting at the destination airstrip for Borden to arrive and had gone to the crash scene to remove the cocaine from the crashed aircraft.

**Escobar Organization Air-Dropping Drugs to the Stadter Group**

Matthews eventually became accepted by the Stadter group and discovered further evidence that the group was transporting drugs for Pablo Escobar and his close aide, Jimmy Ellard. The Stadter-Escobar group used Beech King Air aircraft flying from San Andres Island, located north of Colombia between Jamaica and Honduras, flying to the drop-zone where one of Stadter’s boats would be waiting.

When the King Air arrived at the drop zone, and after making radio contact to confirm everything was in order, bundles of cocaine were dropped into the water near waiting boats, and then the planes returned to San Andres Island. Several tons of drugs entered the United States in this manner every week.

**CIA Using San Andres Island as a Drug Transshipment Point**

Matthews thought the CIA had a drug transshipment operation on San Andres Island. He explained that Escobar’s King Air would return to San Andres Island and that U.S. aircraft following it would turn away as it approached the island.

**Matthews, Customs and DEA Agents, Retrieving the Drugs**

As Matthews was slowly infiltrating the Stadter group he convinced Stadter to allow him to pick up the drugs during one of the airdrops. Matthews was in the receiving boat, along with Customs agent Peter Delsandro from the Ft. Lauderdale office and another agent from the DEA, during one such pickup. After the drugs were picked up, government agents ordered Matthews to personally deliver the drugs to Cubans at Broward Mall in Ft. Lauderdale, where he then met Carlos Duque.

Duque was arrested on a drug charge and then released on bail pending trial, at which time he promptly fled. A year later, Duque was captured in Costa Rica. At his trial, Assistant U.S. Attorney (AUSA) Bill Shockly called Mat-
thews to testify, which put Matthews at great risk since he was still infiltrating major drug operations in Colombia.

**Matthews Responsible for Bringing About Ellard’s Arrest**

Several years earlier, in 1985, Matthews’ undercover activities brought about the arrest of Pablo Escobar’s partner, Jimmy Ellard. Ellard had flown a drug load into the United States from Belize in 1984 and was to have landed at San Marcos Airport in Texas where Matthews was waiting with government agents, who would then arrest Ellard. Instead of landing at San Marcos, Ellard landed at Eagle Lake, Texas, about 70 miles west of Houston, apparently to rip off the drug load. Despite this diversion, government agents accidentally discovered Ellard and his drug load, and arrested him. Shortly after his arrest, Ellard was released on bail and fled back to Colombia, rejoining the Escobar operation.

Ellard had been a former deputy sheriff in Fort Bend County, Texas. He was again arrested in 1990 while living under a false name in Florida. He pled guilty in 1991 to his leadership in a large smuggling operation that flew nearly 30 tons of cocaine from Columbia to Florida.

During questioning, Ellard told government agents how he was able to evade the government’s radar interdiction system.

While living in Colombia in the late 1980s, he provided Dandy Munoz-Mosquera—Pablo Escobar’s assassin—knowledge on how to put a bomb on board a Colombian airline, Avianca, which killed over 100 people, including the two police informants that were their targets.

**Uncomfortable Working Sensitive Operations with New Agents**

Matthews had been working with Customs agent Richard Nichols in the San Antonio office, relying upon his verbal authorization to fly drugs as part of government-authorized undercover operations. He felt uncomfortable about this verbal arrangement and his discomfort surfaced in June 1988 when Nichols told Matthews that he would be gone for several months attending job-related training at Marana, Arizona. Nichols told Matthews he would be working under Customs agents Thomas Grieve and Jim Dukes during this time.

**An Irresponsible Request of Matthews by a Customs Agent**

Before Nichols left, Grieve asked Matthews to fly a drug load into the United States without being granted immunity, and take the chance of getting caught. This was an irresponsible suggestion. Grieve was playing it safe. If the operation backfired and received media attention, Grieve could easily lie. Unknown to Matthews, lying was part of the Customs’ culture. The Customs agent could say he knew nothing about the drug flight, and Matthews could end up with a life-in-prison sentence.

Another possible reason for Grieve’s request was that U.S. Customs was trying to set up Matthews for an arrest and get rid of an undercover agent who had learned too much about the involvement of government personnel in drug trafficking.

“I’m getting in too deep”

Matthews refused Grieve’s request: “I’m getting in too deep. I’m afraid some of this stuff will come back on me down the road.” Matthews told Nichols that he needed authorization from higher authority. Matthews later ex-
Nichols assured me if I would continue my efforts he would arrange that I hear the authorization from someone higher up. We discussed the possibility that if I had authority to fly loads in myself, perhaps we could wrap up the case in a few loads. Otherwise, it could go on for years. The meetings were set up and I was assured by a special prosecutor out of Main Justice in Washington, USAUSA David Hall, that I could fly loads in myself.

A second meeting was held on August 23, 1988, seeking to reach an agreement where Matthews would be willing to continue the undercover efforts to infiltrate the Stadter organization. This meeting, held at a San Antonio restaurant, was attended by Customs agents Richard Nichols, Thomas Grieve and Jim Dukes; Texas Department of Public Safety (DPS) agents Robert Nestoroff and Kenneth Dismukes, and Justice Department USAUSA David Hall. Dismukes advised Matthews that the authority to authorize such operations was with federal agencies, that Texas agents could not grant such authorization.

**Carte Blanche Authority to Fly Drugs—But Don’t Tell Us!**

Hall stated that Matthews had carte blanche authority to fly drugs into the United States as part of his government-authorized undercover activities. Grieve then told Matthews, “You have carte blanche from the special prosecutor to do whatever it takes. You can’t tell us everything, or we will have to interdict the load and the load will never reach the target.” Matthews asked Grieve, “What if it takes more than one load?” to which Grieve replied, “Do whatever it takes.” After Grieve said this, Dismukes’ face turned beet-red and he walked out. (Matthews had been given specific authority to fly drugs into the United States as part of normal sting operations in 1986, 1987, and 1989.)

**Drug Loads Picked up and Delivered for U.S. Customs**

Although Grieve said they would have to interdict the drug load if they knew about it, Customs agents knew of many drug loads entering the United States without being interdicted. These included CIA drug loads being clandestinely shipped into the United States, and drug loads that Customs agents specifically directed Matthews to pick up and deliver to destinations in the United States. For flights like these, for which Matthews simply provided transportation for the drugs, the government paid him $40,000 to $50,000 per trip.

**Top-Level Justice Department Authority**

Dave Hall, who had given Matthews authorization to fly drug loads, was a former trial attorney assigned to the Narcotic and Dangerous Drug Section, Criminal Division, Department of Justice, and head of a multi-agency task force based in San Antonio that consisted of agents from Customs, DEA, and IRS. Being Washington-based in a key Justice Department position, his authorization to fly drugs came from the Justice Department’s highest offices.

Unknown to Matthews, Hall was encountering a great amount of problems in the San Antonio Customs office, and particularly from SAC Neil Lageman. As stated in earlier pages, a 1553-page report prepared by the House Committee on Government Operations detailed mismanagement, internal bickering, corruption, and interference with major drug busts throughout U.S. Customs in the southwestern part of the United States. This was not the environment for a government undercover agent to put his faith in the verbal authority given by a
Customs agent. But Matthews was unaware of these serious internal problems. **Prophetic warning, “In the end, they’re gonna screw you.”**

After the meeting, Dismukes warned Matthews that in every case that he personally knew of, where a contract undercover agent participated in that type of operation, he would eventually be charged and prosecuted, despite the authority given him by government agents. Matthews wrote:

*Dismukes approached me in the hall. He was visibly upset that the feds were allowing drugs to hit the street. His face was red and his eyes were also red and watery. He was having trouble restraining himself. He told me it was my choice, but if I “went along with the feds on this and got in any deeper, eventually they will hang you out to dry; it always happens like this. In the end, they’re gonna screw you.”*

Matthews later wrote, “I should have listened.”

**Holiday Drug Loads Plan to Catch Escobar and Stadter**

In mid-1988, Texas Department of Public Safety (DPS) and San Antonio Customs agents asked Matthews to again try to infiltrate the Stadter organization. Through his earlier connections with the Stadter group, Matthews managed to have the group allow him to fly two loads of cocaine into the United States before committing larger loads to him. Matthews advised Texas DPS and Customs agents of the two test loads and that he planned to fly one load on Christmas day, 1988, and the next load on January 1, 1989. No objection was raised.

**“It’s gonna be a white Christmas”**

Nestoroff, acting as communication liaison, received a message from Matthews on his answering machine on Christmas Eve stating, “It’s gonna be a white Christmas.” That was the code indicating Matthews would be flying to Colombia and bringing in a load of cocaine the next day, as part of the previously discussed plan.

Matthews landed in Florida on Christmas day with 1,400 pounds of cocaine. A member of the Escobar-Stadter group, “Chicha,” received the bulk of the load in Fort Lauderdale. One hundred ten pounds of the original cocaine shipment (50 kilos) were driven to California by Douglas “Dancer” Voet, a member of the Stadter organization. DEA agents in California, unaware of the undercover operation, seized the drugs.

**The Second Load Went Badly**

On December 30, 1988, Matthews left a message on Nestoroff’s answering machine advising him that he would bring in a load of cocaine the next day. Nestoroff passed the word to Customs in San Antonio, and Customs assured Nestoroff that the information would be passed on. Either through bureaucratic carelessness, or deliberately, that wasn’t done. On this flight, Matthews had one of Stadter’s pilots with him, Greg Thompson. Matthews landed his Merlin turbo-prop plane at the remote Colombian airstrip and trouble started immediately. Matthews explained:

*As soon as the plane landed, another group or faction moved in and attempted to take the load, the plane, and anything else of value. A small-arms firefight ensued during the loading and fueling, about a half mile away on the only road leading to the strip. I left the engines running for the*
fueling and loading, with Greg Thompson, the copilot, holding the brakes. Special outboard fuel receptacles had been installed for this purpose. As I deplaned and stepped away from the plane, I heard the shooting start. Max jumped in the jeep with four or five others and headed down the road to lend support to those guarding the road. After about 25 minutes, the jeep returned. Max was sitting on the passenger side of the jeep, being held up in the sitting position by a person sitting behind him. Max’s chest was covered with blood. Max had taken a high caliber round, probably from the back as the hole in his chest was near the size of my fist. Max and the guy holding him up were Italians who had lived in Colombia for many years. When I walked over to the jeep to talk to Max, the guy holding him up said, “Max finito,” meaning Max is finished [dead].

Matthews finally was able to take off from the airstrip, but there were other problems. As he approached Florida, his radar-detection equipment showed his plane had been picked up on radar. Thompson wanted to dump the load into the ocean, but Matthews wanted to save the undercover operation. He changed heading for his home strip at Damon, Texas.

**Arrested by the Same Agency That Authorized the Operation**

Matthews hoped that if an interdiction plane had gotten close enough to get the registration number on the side of his aircraft, Customs would realize he was carrying out an undercover operation and cover for him. After landing at Damon, Matthews and Thompson moved the 700-kilo drug load onto a pickup truck and drove from the airstrip. About five miles away, on Farm Road 1462, they were stopped and arrested by Houston Customs agents. This arrest occurred despite the fact that San Antonio Customs agents had notified Houston that Matthews would be arriving with a load of drugs as part of the two test runs. Or was it planned that way? Matthews was getting a taste of how undercover operations authorized by agents in one office were not recognized by agents in another office of the same agency.

**Houston Chronicle Protecting Drug Traffickers**

Greg Thompson contacted Stadter’s attorney, who in turn contacted Stadter. Stadter then contacted his newspaper friend, Bob Sablatura who then wrote several *Houston Chronicle* articles favorable to Stadter that sought to shift blame to federal agents. Sablatura contacted the television program, *60-Minutes*, to play up the angle of corrupt state and federal officials attempting to entrap his friend, Victor Stadter.

**Stadter’s Interesting Background Shown by the Movie, “Breakout.”**

Stadter had purchased a ranch near Leakey, Texas in the 1980’s where he controlled a small newspaper. Information given to me showed Stadter orchestrating a scheme to free someone falsely accused of a murder and incarcerated in a Mexican prison. A book was written about it, followed by a 1975 movie, “Breakout,” starring Charles Bronson. The movie was allegedly based upon Stadter orchestrating the 1971 rescue by helicopter of a prisoner (Kaplan) in a Mexican prison.

Stadter had been a thorn in the side of the CIA and State Department since he brought about Kaplan’s escape. Kaplan was an heir to a vast fruit company in Latin America and he was at odds with the CIA. The agency then reportedly
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orchestrated the murder of his grandfather and with the cooperation of corrupt Mexicans, arrested and sentenced Kaplan to 28 years in prison. The other heirs to the fruit company operation were amenable to CIA activities, and it was felt that Kaplan’s imprisonment would bring about a management change favorable to the CIA. Kaplan’s wife paid to have a pilot free her husband from the Mexican prison.

**Back to Matthews**

After the arrest, Texas DPS and San Antonio Customs made it known that Matthews was conducting an undercover operation. AUSA Dave Hall also got involved, making it known that Matthews had carte blanche authority to engage in his undercover drug-related activities. Charges against Matthews and Thompson were eventually dropped. Matthews’ Merlin propjet aircraft (N707PK), his truck, and his car, which had been seized, were returned. However, the publicity given to the arrest was an embarrassment to Customs officers in the southwestern division, and they sought to deny Matthews had authority to fly the drugs. Matthews explained the reason why certain Customs officials refused to provide him the support following the holiday drug bust:

*I’m saying that after it hit the newspapers that cocaine was smuggled in and no one was charged, it was a terrible embarrassment to the government that they would have to admit the cocaine hit the street; that they allowed cocaine to hit the street; that they were allowing those kind of things in order to get convictions, to get people busted, or to get to certain targets.*

**Secret San Antonio Customs Cover-Up Report**

In an effort to make it appear in Customs records that the test runs were not known or authorized by Customs agents, and unknown to Matthews, an 18-page report (February 16, 1989) was prepared in the San Antonio Customs office by Agent James King. This was sent to the U.S. Customs Regional Enforcement Commissioner. That report was followed by a Customs cover-up memorandum written by San Antonio Special Agent in Charge (SAC) Neil Lageman. These reports charged Mathews with unlawfully flying drugs into the United States, omitting all reference to the authority given by AUSA Dave Hall and Customs agents. The reports ended up in Washington and intended to protect U.S. Customs supervisors. That report remained hidden from Matthews for several years.

If Matthews had actually flown the drugs into the United States without authority and for his personal use, Customs would have been required to promptly charge Matthews with drug-related offenses and DOJ prosecutors to file charges against him. This was not done.

**Another Problem**

The person who took the 50-kilo drug load to California after the drugs were unloaded in Florida had $100,000 of Matthews’ money on him when arrested, which was to be returned to Matthews. Matthews asked Texas DPS Captain Don Cohn to send a letter to Washington explaining that the drug seizure in California, and seizure of the $100,000, was part of an authorized undercover operation. Cohn instructed DPS Agent Robert Nestoroff to write the letter. This would justify releasing the $100,000 to Matthews. The letter created a major
Sabotaging Government Contract Pilot

Igniting an Internal Customs Firestorm

The two Customs reports falsely implying that Matthews’ test runs were not a Customs-authorized operation—which had gotten to Washington, were then contradicted by the letter sent by the Texas Department of Public Service. This contradiction created problems within U.S. Customs. It also created problems for Matthews.

Multiple Reasons to Put Matthews out of Commission

Matthews’ later discoveries of high-level corruption, and his threat to a major Colombian drug lord with CIA connections, would generate other reasons for government officials to get rid of Matthews. It was necessary to also discredit—and possibly imprison—the Texas DPS agent who wrote the letter to Washington stating that Matthews had authority to fly the drug loads: Robert Nestoroff.

Seizure of New Year’s Load Resulted in a Kidnapping

There was other fallout from the loss of this second load. The daughter of one of Matthews’ friends in Colombia was kidnapped, and Matthews acted to bring about her release. Matthews explained the kidnapping:

*The kidnapping was a result of the New Year’s eve 700-kilo load being leaked to the Houston Chronicle. That newspaper article literally started a war in Colombia between those who believed I was furnishing valid AWACS schedules and those who believed I was an informant. The two owners of that load were Molina, who controlled the Colombian emerald industry and Gaucho Rodriguez, a.k.a. “The Mexican.”*

[Matthews Helping to Rescue Kidnapped Girl]

The girl was kidnapped and held until they were paid for the loss of the load. My girlfriend’s brother worked with a military colonel in the Colombian army. I personally turned over several hundred thousand dollars to the colonel. I was asked to fly a group of about 25 men from the North Coast of Colombia to a ranch about 75 miles northwest of Bogotá.

They furnished a Howard 500 [airplane] that was based at the Santa Marta airport. It was a motley crew that I picked up on the Guijira east of Rio Hacha at a clandestine airstrip. Some of the men were dressed in neat military uniforms with automatic weapons and others were shabbily dressed with old bolt-action rifles and shot guns. They loaded some of the heavier weaponry in the forward cargo compartments. We landed on the ranch northwest of Bogotá before dark, and I waited with the plane.

The following day the group returned. I was assured by my girlfriend’s brother that the girl had been released and was in safe hands in Medellin, Colombia, where she had been held at a small farm outside of town. I flew the crew back to the strip on the Guijira and returned the plane to the Santa Marta airport, where I took an airliner back to Bogotá.

[Executing 18 People]

It was not until the next morning, while I was drinking coffee and reading the newspapers in the Hotel Tacandama, that I saw where Molina and at least 17 of his leading security force members were handcuffed and removed from the house where a large party had been in progress with a
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Mexican and a Colombian band. Those 18 people were executed. No one else was harmed, according to the Colombian newspaper. The ranch was in the area northwest of Bogotá where I had landed. I later learned that someone at the party was forced to call via high frequency radio the ranch where the girl was being held, and order her released. The people who were holding the girl in Medellín were all killed by the military, according to the newspapers. The girl was never mentioned in the newspapers. Gaucho, the Mexican, met his demise shortly thereafter, and the pressure was off of me in reference to the “Chronicle” article about the 700 kilos which only hinted I may be an informer.

[DOJ Informing Colombians Matthews was U.S. Informant]

It was when AUSA Thompson sent out a two-page fax to major media around the country, officially notifying the world that I was a U.S. government informant, after I refused to cooperate in the cover-up and the prosecutor’s request to falsely name other people, that really did me in. This was done while my case was still under seal and Thompson knew my wife and child were in Latin America, easily accessible to the cartels of drug traffickers I had burned. I’m sure Thompson, Customs and DOJ officials thought I would be killed or be begging to cooperate in their cover-up that would protect them from embarrassment and censure. The 1998 ABC news documentary only opened the door to the cover-up.

**Government Agents Again Give Matthews a Clean Slate**

Present at this meeting were Texas Department of Public Safety (DPS) agents Robert Nestoroff, Don Cohn, Jim Fields, and David Davis, and Customs Special Agent in Charge (SAC) John Farley, Agents Richard Cardwell and Tony Singleton. During this meeting, Farley offered Matthews a clean slate if he would agree to do undercover work for Houston Customs and the High Intensity Drug Trafficking Area (HIDTA) task force. It wasn’t really necessary to be given a clean slate as Customs personnel authorized the holiday drug loads. The statement by Customs personnel that they were giving Matthews a clean slate appeared to be another attempt to show the holiday loads were not authorized.

**Clean-Slate Meeting**

The “clean-slate” immunity was for the holiday drug load arrest and all the previous operations connected to the Stadter group (that had already been authorized by Justice Department’s Dave Hall and Customs agents from the San Antonio office), or any other drug load. Matthews had this to say about the meeting:

The gist of the meeting was ‘Let’s put this behind us and move on.’ Houston Customs advised me they had some specific operations they wanted me to help them with. In return, I would be given a ‘clean slate.’ I accepted part of the responsibility of the holiday loads fiasco and agreed to assist them using my planes, assets, and skills. This came to be known as the ‘clean slate meeting.’ I set up a load of cocaine out of Cali, Colombia, to be delivered to a military base in Panama using my wife’s Aztec. Everything went like clockwork.

While I was negotiating with the Colombians in New York to receive
their load, I learned of a newspaper article in the Panama newspapers that fingered me as an informant. The Houston people I worked with said it was the Panamanians they worked with who had leaked the information to the press. I didn’t suspect anything because I thought I was back in the good graces of Customs.

I didn’t know about the 18-page report yet that was just sitting there smoking, it was so hot, and they couldn’t prosecute me for fear of embarrassment. I had been hearing about an official letter or memo from Customs, black-balling me from any further work for them. It didn’t make sense because Customs kept using me over and over and over. I continued to do some operations for Houston “free-gratis”. I eventually settled into flying contract smuggling flights for Houston HIDTA. On many of the flights as I previously indicated, it looked as though I was deliberately being set up to be killed. At that time, I didn’t know of any reason why anybody in the government would be trying to kill me.

Continuing to Work Undercover Operations

Matthews had several undercover operations going. He shifted his attention from the Stadter project, which had been undermined by Customs, to the Nelson Emmens group that he had been trying to infiltrate since 1986. Part of Matthews’ tactics to infiltrate the group was to broker the purchase of two airplanes for Emmens through Matthews’ front company, Rod Aero. Matthews, trying to have Emmens use him for drug transporting, told Emmens he had a safe route to the United States based upon his access to AWACS schedules (Airborne Warning and Control System).

This was not true, but the ruse was used to gain Emmens’ confidence. Matthews then had to confirm that the initial two loads were actual drug loads and not dummy runs, a tactic drug traffickers sometimes use to check the security of a run. If this was done, and a non-drug-load was busted, Matthews’ usefulness would cease, and the target would be alerted and escape punishment. In November 1989, Matthews had accumulated enough evidence to bring about Emmens’ arrest.

The seizure of the New Year’s test run by Customs undermined the operation to get evidence against Stadter and indirectly, the Pablo Escobar organization, requiring that the focus be put on other targets. Houston Customs personnel met with Matthews at the Lakeside Airport conference room in Houston (November 1990), purporting to use him against other targets.

Furnishing Transportation for Government Cocaine Flights

As Matthews previously described to me, the contract drug flights were flights where he simply provided transportation requested by government agents, flying to remote Colombian airstrips designated by Customs agents and delivering the drugs in the United States to people designated by the same agents. At that time, Matthews didn’t realize the flights were a small part of a much larger practice of government agents and agencies flying drugs into the United States, as explained to me for the past decade by a long list of undercover agents. I asked Matthews about these flights, and he confirmed that he did not know what was done with the cocaine for which he had provided transportation and which he delivered to Customs and DEA-designated parties in.
the United States.

**Juan Carlos Facholos Operation**

In another undercover operation Matthews carried out for Houston Customs (1990), it ultimately resulted in the seizure of 491 kilos of cocaine from the Juan Carlos Facholos operation. In that operation, Matthews used his wife’s Piper Aztec to carry a drug load from Cali, Colombia to New York via Panama. However, U.S. agents in Panama seized the drugs. While Matthews was negotiating to get the drugs released and simultaneously negotiating with the Colombians in New York to bring about delivery, Panamanian newspapers printed information indicating Matthews was a U.S. government informant. Matthews suspected this information came from Customs personnel in the San Antonio office.

**Flying Captured Drug Traffickers Into the United States**

Besides flying undercover operations to ensnare drug traffickers and flying drug loads arranged by government agents, Customs agents paid Matthews to provide personnel transportation. One such flight was flying government agents from his Damon, Texas airstrip to Aruba in his Merlin and then from Aruba, flying two Colombians who had been previously arrested with the cooperation of Aruban authorities to Hooks Airport near Houston, Texas. He received a $40,000 government check for this flight.

**Suspicious Government-Ordered Drug Flights**

Other flights for which Matthews merely provided transportation had serious overtones that Matthews did not recognize at the time. Matthews said several of his drug hauling flights were directed by government agents who directed him to specific airstrips to pick up and then deliver a load to government agents at various places in the United States. Government agents sometimes gave Matthews hand-drawn maps of airstrips showing the pickup location. Matthews was given government questionnaires to fill out after the flight. Matthews’ only involvement in these flights was to provide transportation for which he was paid by the U.S. government, with government checks. There was no effort to infiltrate any drug group.

**Far More Drugs Shipped Than Required for Sting Operations**

The excuse given by government supervisors when Matthews asked about why drugs are being shipped into the United States was that the drugs were being used for sting operations. Unknown to Matthews at that time, those flights were part of an overall drug smuggling operation involving the Central Intelligence Agency (CIA), the Drug Enforcement Administration (DEA) and the U.S. military. Matthews described several of these drug-hauling flights for which he provided transportation:

*Of the five drug flights, three were to Guatemala and two were to Colombia. Jerry Garner and Mike McDaniels were the DEA lead agents for these flights. The first of these flights was to a hayfield type landing area in Central Guatemala from my hangar in Delray Beach, Florida to Guatemala, where I picked up the cocaine and delivered it to agents waiting at my Texas hangar. Jerry or Mike were always waiting, usually accompanied by other Customs or DEA agents.  
I made an inspection run in my MU-2 to identify the surrounding ter-
rain, look the strip over and obtain the GPS coordinates. At that time I didn’t even know Jerry or Mike. Tony Singleton with Houston Customs put me in touch with them and we made all the arrangements by phone and fax. They faxed me a hand-drawn map and other instructions one afternoon. On each of these cocaine flights the agents, Jerry and Mike, provided me with a hand-drawn map of the strip area. On a couple of occasions afterwards I was given a numbered government form to fill out concerning the clandestine airstrip and what transpired.

Government Agents at Both Ends of Drug Loads
In answer to one of my questions about drug load pickups ordered by government agents for which he provided transportation, Matthews replied:

After the holiday loads fiasco, it was almost always government agents on the receiving end here in the United States or at a military base outside the United States. After going to work for Houston HIDTA in 1990, most of the cocaine loads were handled by the government on both ends. I was just a contract pilot flying cocaine for the government. On the pickup end, the government made the arrangements.

Sham Excuses Given to Drug Cartels for Successful Drug Runs
Several times, drug cartels asked Matthews to explain his success at bringing drugs into the United States without being caught. To avoid suspicion that he was a government undercover agent, Matthews told them that he was obtaining AWACS schedules from his U.S. Customs connections. They offered to pay him for copies of these schedules, which he then fabricated. Escobar and Ellard paid Matthews $500,000 each time he provided the bogus schedules. Because of the large time slots when there were no AWACS planes covering the particular area, the success rate at not being interdicted—with or without AWACS schedules—provided Matthews a certain amount of credibility.

Drug Cartels Funding Part of Matthews’ Undercover Operations
By being recognized as a successful drug transporter, Matthews had his targeted drug traffickers provide him money to buy planes and other expensive equipment. In one case, a targeted drug lord gave Matthews $300,000 to improve his airstrip at Damon, Texas, in preparation for transporting 10,000 to 15,000 kilos of marijuana aboard a DC-6. DPS agents inspected the property at Damon, Texas and approved the plan.

Coca-Cola in the Drug Business?
A low-key contract undercover agent working for the DEA and CIA, who hauled arms to Central and South America during the Contra operation in the 1980s, Basil (Bo) Abbott, frequently talked about how he flew drugs for the DEA in DEA-provided aircraft. During one conversation, Abbott told me that the land owned by Coca Cola in Belize was heavily planted with marijuana. I asked Matthews if he knew anything about this. He wrote:

There are little patches of marijuana growing all over Belize with some larger fields in the south. I never flew over the Coca-Cola property specifically and looked. However, I can confirm that at one time one of the foremen or managers for the Coca-Cola plantations was heavily involved in loading airplanes with marijuana and facilitating smuggling flights.
Guantanamo Naval Air Station and Drugs

Customs agents frequently directed Matthews to fly drugs from Colombia into Guantanamo Naval Air Station in Cuba. During these flights into the naval base, the procedure was to radio to the Navy control tower using code names given to him by the DEA, including “Hot-Rod” and “Dark-Cloud.”

Upon landing at the naval station, the drugs would be unloaded by military personnel or DEA agents. They would then be loaded onto a U.S. Customs Beech King Air and flown to Homestead Air Force Base by Customs pilots, one of whom Matthews knew by the name of Dornak.

Richard Pitt, another contract pilot whose exploits are described in the next chapter, also told me about the many drug flights that he flew into and out of this navy base. [I thought to myself, how things have changed; during World War II, when I was a Navy flight instructor in PBY seaplanes, I flew many training trips to that same naval base. At that time, the sinister activities that started with the formation of the CIA in 1947 did not exist.]

Placing Tracking Devices on Matthews’ Aircraft

Matthews explained how DEA and Customs agents placed tracking devices on his aircraft, including flights from Guantanamo Naval Air Base to Colombia. Matthews said the devices were basically transponders that emitted a particular code displayed on the radar screens of air traffic controllers. He explained that one type of device emits the signal “suspect” on the controllers’ screens.

On one flight in April 1992, Matthews noticed the technician entered into his records the number C-38, which stood for the 38th flight to Colombia that year. It seemed that Matthews was not the only pilot used by government agents to fly drugs from Colombia to the United States facilities.

Plan to Capture Pablo Escobar

In 1990, Matthews suggested a plan to Customs agents for him to capture Colombian drug lord Pablo Escobar and fly him into the United States. At that time, Escobar was America’s Number One drug target. They approved the plan; it was Matthews’ life at risk, using his own plane, and his own money, with no risk to U.S. government agents. In trying to carry it out, Matthews set up money laundering and electronic smuggling operations with the Escobar group. The plan to kidnap Escobar was based upon luring him to a place where he could be kidnapped and flown to the nearest U.S. military base. Escobar was considered the biggest drug trafficker and the most brutal, and considerable efforts were exerted by the United States to bring about his capture.

Escobar Bombing Hilton Hotel in Cartagena

In an earlier attempt to bring about Escobar’s arrest, Matthews met with Escobar and other cartel members in the Cartagena Hilton Hotel over a three-day period. Escobar had been on the “wanted” list for some time and Matthews thought this was a good time to bring about Escobar’s arrest. He called Texas DPS agent Robert Nestoroff, advising that Escobar was at the hotel. Nestoroff then notified EPIC (El Paso Information Center) and this information was then given to Colombian authorities. Before they arrived at the hotel, someone alerted Escobar to the imminent arrival of Colombian police, allowing him to escape. Thinking that someone on the hotel staff had reported his presence,
Escobar had the hotel bombed.

Matthews explained his plan to bring about Escobar’s arrest:

The first attempt to capture Pablo Escobar was a quasi-sanctioned operation. The plan was to lure Escobar to a clandestine airstrip about a hundred miles from Colombia’s border in Brazil. This would cut off his support in the Colombian military and reduce his cadre of personal bodyguards. My group out of Barranquilla, Colombia, had an HF [high frequency] radio setup near the strip and were in touch with my girlfriend in Barranquilla who would call me at my hotel in Boa Vista, Brazil, when Escobar was ready to be picked up.

The strip was 140 miles from Boa Vista. I notified Peter Delsandro in Miami Customs by fax the day before the Panama invasion that I would be bringing the fugitive into San Juan, Puerto Rico, less than 1000 miles from the strip. My phone call from Barranquilla did not come that day because the hotel phone lines were down. I assumed there was a delay and waited. I didn’t know the lines were down.

The plan had gone like clockwork. Pablo and his group arrived in a helicopter that carried only six people. My group easily got the drop on them. With me being more than a day late, the group under my Colombian partner began to panic. Pablo offered them more money than I was paying, a lot more. My partner hit the jungle with his hand-held aircraft radio. My delayed phone message caused me to arrive a day late in the middle of a situation that was not friendly. I was circling over the strip trying to make radio contact with my guy on the ground to get the OK-to-land signal.

Suddenly the left engine was ablaze [from ground fire]. It felt like someone hit the plane with a sledgehammer. The left engine began surging and the feathering control was jammed solid. I saw pieces of metal protruding through the cowling. We were loaded with fuel and loaded for bear. It was a slow descent to find the nearest clandestine gold mining/smuggling strip along the river.

The strip was soft, the nose wheel sunk in and broke off. The left wing went down on the tip tank and we were sliding 10 degrees to 15 degrees to the left of the strip toward the trees. As we began to slide off the left side of the strip, I locked up the right brake and she changed direction enough that it came to rest slightly to the right of the strip, partly on the strip. The right main gear had partially collapsed and the left wing pointed upward at about a 30 to 40 degree angle. The tip tank had been ripped open and fuel was pouring down the leading edge of the left wing onto the burning engine.

We all got out of the plane and for about 20 minutes it was like the fourth of July. One of the passengers had a camera and was able to photograph the different stages of burning and the marks on the dirt strip to indicate what had occurred. When the fireworks began to die down, the Indians began slowly emerging from the jungle.

These were real Indians with the tattoos on their faces and stretched bottom lips, wearing leather straps. There was a Colombian on the strip who had an HF radio in the jungle nearby. He knew the whole deal and...
tried to turn the Indians on me. He called me “Del Norte Americana agente.” I had some friends standing by or working the gold fields nearby. They saw the smoke and came to rescue us in a Bell 205, just in time.

The next day, I faxed Delsandro of Miami Customs a photo of what was left of the plane and told him to disregard delivering the fugitive to San Juan Puerto Rico Customs.

**Covert Publicity Resulted in Operation Shanghai**

Since Escobar was the top drug lord targeted by the United States, Matthews’ nearly successful plan to capture him caused U.S. officials to authorize Matthews to conduct another attempt. This plan was called Operation Shanghai. Key people involved in approving the plan included Congressman Charles B. Rangel, who headed at that time the Congressional committee on narcotics; Customs Commissioner Tom McDermott, who named the plan Operation Shanghai; Special Agent in Charge Charles Rosenblatt; six Miami Customs officials, and former U.S. Attorney Steven Rozan.

At that time, Rozan was a nominee for the political U.S. Attorney position at Houston. Rosenblatt authorized Matthews to engage in money laundering and smuggling electronics to finance and facilitate the operation.

At the urging of Rozan, it was agreed that Matthews would be paid $5 million if he could bring about the successful kidnapping of Pablo Escobar. Secretly, Rozan demanded that Matthews give him half the reward money. That plan fizzled out for various reasons. At a later meeting, Matthews was represented by attorney F. Lee Bailey.

In 1999 I sent two letters to Congressman Rangel, one of them certified mail, asking Rangel for his comments on the plan. He refused to respond to either letter.

**Loss of $700,000 Insurance on the Plane**

In the first attempt to capture Escobar, Matthews lost his plane from gunfire, as previously mentioned. That plane, a Mitsubishi MU-2 Solitaire, registration number N25GM, was covered by a $700,000 insurance policy. Former AUSA Steven Rozan, then an attorney who worked with Matthews, suggested that Matthews have the Rozan-Berger law firm file a loss-claim with the insurance company, and this was done.

But the insurance company refused to pay. Matthews could have filed a lawsuit, but this would require testifying in court and exposing his undercover status. This decision caused Matthews to lose $700,000, one of the downsides to being a contract undercover agent for the government. Matthews filed an accident report with the Federal Aviation Administration at Ft. Lauderdale, which included the affidavits of two Brazilian pilots who were on board the aircraft. Matthews had taken the Brazilian pilots along because they were familiar with the area, the people, and their language. One pilot, Jorge Rogerio, was well known in the Brazilian media as “Marijuana George.”

**Government Plan to Kill Matthews?**

Toward the end of his career as a government contract agent, there were a number of incidents where it appeared government agents were trying to bring about his death. One incident occurred when Customs agents directed Matthews to pick up a drug load at a short airstrip on the Colombian island of
Provendencia in the Central Caribbean. This was one of many flights in which
government agents directed Matthews to pick up a drug load in Colombia and
then fly it to a designated destination either in the United States or to Guantana-
mo Bay Naval Air Station.

Before taking off from the naval base, a DEA agent instructed Matthews to
arrive and land after dark, using the makeshift runway lighting provided. As a
precautionary measure, Matthews left the base early so he would arrive while
there was still light, permitting him to inspect the airstrip from the air. To his
surprise, there were two high hills at each end of the dirt strip, requiring a much
steeper approach to the short runway. If he had arrived at night and made a
normal approach to the relatively short airstrip with the unlighted hill on the
approach end, it is very possible he would have crashed.

Dissatisfied With His Safe Return

Upon his return to Guantanamo Bay Naval Air Station, and while taxiing
with his drug load to a hangar near the coffee shop, an obviously angry Cus-
toms pilot Matthews knew by the name of Dornak rushed toward the plane,
shouting, “Why did you go in before dark and land?” Matthews said that it ap-
peared Dornak was surprised he had made it back. Matthews said that Dornak
flew the cocaine from the naval station to Homestead Air Force Base on at least
two occasions that he knew of. He said that Dornak followed him one evening
as they landed at Matthew’s airstrip, and that Dornak almost lost control of the
King Air as he landed. (Matthews said that Dornak often drank heavily while at
Guantanamo Bay Naval Air Station and had been working closely with AUSA
Terrence Thompson, who later filed sham charges against Matthews.)

European Undercover Operations

In 1991, Matthews expanded his undercover operations to Europe, flying
his Merlin to carry out several operations. His Palm Beach, Florida, company,
Rod Aero, had a contract to provide pilot and aircraft services for a pending
contract with Disney Corporation in France, which never materialized. Mat-
thews wrote:

*My last flight to Europe in the Merlin III-B was a far cry from earlier
flights where every minute was a struggle for survival in the old round en-
gine planes. With the Merlin cruising at 24 to 26 thousand, the cabin pres-
sure was about 3000 feet. It was a very quiet and comfortable plane, kind
of like sitting on your favorite chair in your living room watching TV. I had
enough fuel to go non-stop straight across the Atlantic from Gander to
Shannon with enough IFR reserve to go to Paris or London, which cut the
stress factor considerably.*

*I had the same autopilot flight director system as the space shuttle,
coupled to Omega-Loran-GPS and all the other good stuff. At a glance I
could take my position with three different nav systems and if all three
agreed within a quarter mile, one could be fairly confident that was where
you were at. It was really a super low-stress flight compared to some of the
earlier flights with two and three pilots, totally stressed out to the point
where when you finally reached your destination, you felt like you had
rowed across the Atlantic.*

Matthews’ description of flying the North Atlantic reminded me of the many
flights I flew as captain on the North Atlantic in Boeing Stratocruisers, Lockheed Constellations, DC-4, and even two-engine C-46 aircraft.

**Secret Tracking Device Disrupted European Air Traffic Control**

During one of his European flights, unknown to Matthews, Customs had installed a secret tracking device on Matthews’ plane. This tracking device emitted a signal that appeared on the air traffic controller’s radar screen as two planes flying side by side, and this caused serious air traffic problems. From Europe, Matthews telephoned Texas DPS agent Robert Nestoroff, asking him to find out what government agency and what agent had put the tracking device on his aircraft, and for instructions and permission to disconnect the device. Nestoroff found out that Houston Customs agent Richard Cardwell had installed the device, and with Cardwell’s permission, Matthews had it disconnected.

**Funding the Defection of an Iraqi Pilot and Iraqi Aircraft**

Matthews initiated and carried out a complex plan that had significant international implications but received no publicity. Acting on his own, Matthews placed ads in two publications in 1991: *Trade-A-Plane*, a widely read aviation publication listing all types of aircraft, parts, and services for sale, and *Aviation International News*.

The purpose of the ad was to bring about the defection of an Iraqi pilot and an Iraqi aircraft by offering to pay $100,000 to any Iraqi pilot who defected with an Iraqi aircraft. As a result of the ad, Houston television station KHOU, a CBS affiliate, had Matthews appear, and with his face blacked out, describing the purpose of the reward. The purpose of the operation was to demoralize Saddam Hussein and his military and provide an impetus for other Iraqis to defect. It was a long shot by Matthews that he thought up on the spur of the moment. An Iraqi pilot did respond. Matthews wrote:

> Nobody, including myself, believed it would work until I got the call. It ended up that I paid the Iraqi pilot $100,000 out of my own pocket. It was a crazy deal that changed as it developed. The Iraqi pilot’s mother was Jewish and was under investigation with her brother, who also lived in Iraq. The pilot wanted the money to get his family out of Iraq to save their lives.

> When the pilot was told the deal about the photo that would be in the world news, he refused the money and threatened suicide right there on the spot. He explained that he did this to save his family and now they would be killed for sure. We had the highway blocked off with traffic backed up for miles both ways, and the Iraqi pilot gets down on his knees and starts praying to Allah in Muslim fashion.

> Within minutes, during refueling, a new deal was cut right there on the highway. The pilot was given asylum in Israel where he was debriefed. The pilot’s family also was given asylum in Israel after their successful departure from Iraq. I believe the Brits ended up with the Mig-29. Everyone involved knew if the U.S. State Department were consulted, they would have opted to go with the propaganda and let the pilot’s Jewish mother and her brother die in Iraq. Turns out the pilot’s uncle in Iraq was working for Israel and that’s what started the investigation of his Jewish mother.
At first, Matthews didn’t want me to write about this Iraqi operation for fear of alienating those who helped the defecting Iraqi pilot. I managed to convince him that we could keep certain names secret and still get the message out.

Matthews didn’t have a copy of the ad that he placed in the tabloid-size *Trade-A-Plane*. I took a chance and asked the people at *Trade-A-Plane* to search for that ad and send me a copy, a monumental task. Very obligingly, they found the issue, the second February issue in 1991. I also contacted *Aviation International News*, asking them to locate the ad, but they did not respond to my request.

Copy of half-page ad appearing in worldwide circulated *Trade-A-Plane*, placed by Rodney Matthews, as a public-spirited effort.

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**ATTENTION IRAQI PILOTS**

U.S. Dollars

Aircraft Broker Will Pay Pilots $100,000.00 Cash On Delivery For First Line Iraqi Fighter Aircraft And Provide Attorneys For Political Asylum in U.S.

- Aircraft Needs To Be Delivered On Arrival To Friendly Country With Aircraft, Call 305-772-3326 For Emergency Funds and Hotel Accommodations
- Friendly Country Defined As a Country that Will Allow Surrender of Aircraft, Disarming of Aircraft, Disassembly And Shipment Thereof.

**Phone 305-772-3326**

Ask for Bill Martin

Please! Serious Inquiries Only
Matthews’ Description of Iraqi Pilot Defection

In response to my questions about the particulars involving the defected Iraqi pilot, Matthews wrote:

It all started with a phone call from an Israeli, Abe, who saw my ad in Trade-A-Plane. He wanted to know if I was serious and mentioned that if the pilot’s family could be resettled in another country with financial assistance and if I had a place to land, it might be possible. I felt it was my patriotic duty to do anything I could to help my country, and my government had been good to me. And these kinds of operations were my specialty.

Subsequent to talking to Abe several times and after he furnished me with some pretty impressive travel documents, I delivered the first hundred thousand dollars in cash to show him I was serious. I sent my ex-wife Judith from New York City to Israel with money, and equipment purchased in Miami. On the first trip she carried battery operated fuel pumps, filters and two hand-held FM transmitters-communication receivers.

She also carried two transponders and a top of the line (T-CAD) Terminal Control Avoidance device. The small five-watt trans-com’s low power output could not be monitored more than five miles away and is used for close-in clandestine air-ground communications.

Abe and Colonel E.G. met her at the airport and assisted her through Israeli Customs. (Matthews wanted to avoid publicity for the Israeli General, “E.G.” who assisted in the operation.)

The next trip she carried two small hand-held GPS units. One was modified with suction cups on the top side so that it could be quickly stuck to the top of the inside of the aircraft’s Plexiglas canopy for unobstructed satellite reception through the Plexiglas.

This was state-of-the-art at the time and sometimes there were not enough satellites up and in position for it to function. The precise nav equipment was necessary to eliminate a situation where the pilot would be required to fly around searching for the landing area, creating unwanted attention. This was a non-export item at the time, but Customs had authorized me to smuggle electronics at the Operation Shanghai meeting so I reasoned that I could justify it if push came to shove.

Abe, a former Air Force mechanic, came up with Mig-29 flight and maintenance manuals that were partially translated into English. According to him, it was compliments of the British, who seemed to be amused at the effort. A London-based pro-coalition media group or propaganda group, financed to the hilt, was biting at the bit to jump on this issue if it came to fruition. The sudden change in plan could have caused sour grapes among some in the skullduggery community. The Israeli authorities Abe talked to would not consider allowing an armed Iraqi aircraft to enter their territory under any circumstances.

[Kurds Assisted the Operation]

A well-known Lebanese-Colombian family out of Barranquilla, Colombia provided me with the drug trafficking connection in Syria, to block off a road and refuel the plane. This group was originally led to believe it was a drug flight-refueling stop from Afghanistan. The logistics were S.O.P.
for Latin American clandestine flight operations. Fake auto-truck accidents were used to block off about 2-2 miles of road. On each end of the landing area, a group of well-organized Kurds accomplished this with precision and persuasion. I doubt they ever made this much money before, even in drug smuggling operations.

It was necessary for me to obtain the coordinates in advance, using the G.P.S. for each end of the landing area, the magnetic direction of the landing area, and a waypoint aligned with the landing area 3 to 4 miles out, for the approach. I walked every foot of the landing area inspecting it carefully, measuring width, checking for obstructions, an area for fueling, and an area for turning around to take off. The night before the landing, we removed the necessary obstructions.

The landing was set up for first light of day while most people would still be sleeping. The plan was to make one low-level inspection pass at 100 to 150 meters and a back-to-basics wide racetrack pattern return for landing, using the waypoint. It was less than a 30-minute flight from his Iraq departure point. The refueling was necessary for a reduced landing weight on a questionable surface. Only the Colombians could have matched the speed and efficiency of the clandestine fueling operation.

[Discharging the Ammunition Before Landing in Syria]

The heavy ordnance was discharged before arrival. When he touched down at about 140 knots slightly off center, he had to shove the nose down as we had previously discussed in order to see to stay in the center of the narrow road. This lengthened his landing roll to more than 5000 feet. As soon as he shut her down we were on it before he cleared the cockpit, pumping in the mixture of kerosene and aviation gas.

Abe had his act together from talking to the pilot and studying the maintenance manual. We used both of the battery operated fuel pumps to reduce fueling time. Once fueling was in progress, Abe and one of his crew started removing live ordnance. Balahson, a young Israeli officer in Levis manned the camera.

Military personnel were stationed in surrounding areas and the Syria-Iraq border was lined with military lookouts. Syria was a participant in the coalition against Iraq during the Desert Shield, Desert Storm campaigns. The AWACS were up on a regular basis, the whole flight was under 500 feet (150 meters), but the AWACS still could have tracked it to the landing site under the right conditions. The morning of the landing we told the Kurds we would be using a military plane for the drug flight so they wouldn’t fire on it or abandon their posts.

[The Mig Didn’t Look Like a Drug Plane!]

When the Kurdish spokesman or leader drove up during the fueling and saw the ominous looking Mig-29 straddled the road while Abe removed ordnance from under the wing, the look on his face was as if he were witnessing the second coming of the Lord. [They had earlier been led to believe that this was a drug plane from Afghanistan that needed to be refueled.] Two fighters made a pass over our location. I looked at Abe for a reaction, it didn’t bother him so it didn’t bother me. The Kurd was stunned
by the Mig-29; you didn’t have to know about airplanes to see this was a weapon of mass destruction.

The Iraqi pilot was attempting to explain in broken English that his mother and uncle were still in Iraq, contrary to the plan. One of Abe’s crew was trying to get a photo of the Iraqi pilot standing by the plane with the suitcase of money and told him he would be on the world news that evening.

[Iraqi Pilot Threatening to Commit Suicide]

The Iraqi pilot threatened suicide saying his mother would be tortured and killed. He wanted to return the balance of the money. The Kurd leader was watching all this and went into a rage about how we were all going to be killed because of the CIA. The pilot got down on his knees in the Islam tradition and began to pray. It was at this time that I thought to myself, “Only when I get back to the U.S. will I be sure I made it out of this mess.”

Little did I know at this very time a U.S. prosecutor in Fort Lauderdale was plotting my destruction. I would be betrayed and disavowed by elements in my own government! I took the camera and gave it to the pilot, explaining no pictures would be taken. Abe explained to the pilot, everything would be done that could be done to save his family and they would still receive the promised assistance.

I promised the Kurds double the original amount, which helped to calm them down. They were about ready to go off on us. From start to finish the operation costs me close to a million and I was asked to return the travel documents. The Kurds had taken a couple of distant photos that were turned over after they were paid. The photos showed the tail section of the aircraft protruding beyond the rear-end of the fuel truck. One of these photos was in my house when it was seized. Balahson has the other.

The restart went OK for this particular plane had a small battery start APU [auxiliary power unit] for starting the big engines. There was no question it was a Mig-29. It matched the maintenance manual of another Mig-29 in detail with the large twin vertical stabilizers, conventional controls, and 3,500 pounds of thrust, capable of MACH 3. The landing gear appeared to be much beefier than similar U.S. fighter aircraft.

The flight manual specs were scary in that the U.S. had several different aircraft that can match it in a specific area but we don’t have any one plane that can match it in all areas. Because of the rugged simplicity and conventional controls, it couldn’t require much special flight training. The Iraqi pilot only had 450 hours of flight time total. It can also be operated in the bush without a specialized ground crew or ground power unit.

The aircraft departed and that’s all I want to say about it. There were some unconfirmed news reports of an Iraqi fighter being shot down or missing. There was some talk the British ended up with it.

I traveled by airline with the bogus travel documents to avoid attracting attention when I went over to do the deal. Some of the cash went over on the Merlin trip in hundred dollar bills.
“To God and My People”
When it was all over, I asked Abe, “Who is it that you ultimately answer to?” He responded, “Ultimately, to God and my people.”

Further Explanation on Iraqi Pilot and Iraqi Plane Defection
Over a period of time and after many back and forth letters, Matthews added more details. He explained that the Iraqi pilot in Iraq was contacted through the pilot’s uncle, and the uncle worked closely with Abe, who provided the maps and Global Positioning System unit that enabled the pilot to accurately find the improvised landing strip.

Matthews said that Abe and an Israeli general, who Matthews would only identify as General E.G., handled the many complex arrangements, including arranging for a fuel truck at the landing site and paying the necessary bribes.

Changing Plan to Avoid Hostility Between Iraq and Israel
Matthews explained that almost one million dollars were expended to obtain the pilot’s defection. His Trade-A-Plane advertisement offered $100,000 to the defecting pilot. To this amount, Abe managed to obtain additional money for the expenses incurred by the defection process made more complex to avoid political repercussions if the pilot landed in Israel. For political reasons, another plan was developed to avoid hostility between Israel and Iraq. It was also necessary to change the original plan to first get the pilot’s mother and uncle out of Iraq when it was realized that their departure would focus attention on the Iraqi pilot. The plan was changed to have all of them leave at the same time.

Original Plan Was to Get Publicity from Pilot’s Defection
Matthews said his original idea was to get maximum adverse publicity for Saddam Hussein by publicizing the pilot’s defection. The plan was to get a picture of the defecting and the aircraft for publicity purposes. By changing the plan, Matthews said, “It appeared to me the greater impact for the U.S. had been lost, but there was the consolation of taking one more weapon away from Saddam Hussein.”

I asked why there was so much secrecy at keeping Israel’s role secret during the defection. Matthews explained:

This would give Saddam Hussein one more reason on a long list to attack Israel diplomatically and/or militarily. The publicity could have increased tension between the United States and Syria, a coveted coalition member at the time, if conflict had erupted between Syria and Israel due to the fallout. There was no coordination between Israel and the Alawite minority-controlled Syrian government. Despite coalition membership there was too much friction and distrust between the Syrian government and Israel to coordinate anything. Israel obviously still had people in Iraq that could be connected to that operation that could be jeopardized. I doubt they now want publicity.

I thought it was quite an accomplishment to take out one of Saddam’s top-line fighters without a fight at a time when the United States was risking American lives to accomplish this objective. On a personal basis it didn’t do anything but cost me money that I could certainly use now.

Matthews explained he made fueling arrangements through a Lebanese family in Colombia and Kurds in Syria. Matthews had to pay $75,000 for fuel and the
use of a fuel truck to fuel the Mig-29 when it landed in Syria. He said that the Lebanese family living in Barranquilla, Colombia cut the deal with elements in the Alawite minority-controlled Syrian government, which involved bribes so that no one interfered with the refueling flight which had been described as a drug flight from Afghanistan.

**Drug Money Links to a Major Political Party**

After the Iraqi pilot defection, Matthews went back to his undercover activities. During these investigative activities he discovered money being paid to the Democratic Party in Texas to pay for a U.S. Attorney nomination. Mathews had received $500,000 from the Pablo Escobar group in return for bogus AWACS schedules, and placed the money for safe keeping with attorney Steven Rozan, a former AUSA in Houston and a nominee for U.S. Attorney in that office. The understanding was that Rozan would hold this money until Matthews needed it.

Matthews explained that money is occasionally needed for emergencies associated with government undercover operations such as an arrest in a foreign country, an aircraft accident, the need for a replacement engine, and anything else that requires money. Matthews said, instead of holding Matthews’ money for safekeeping, Rozan used the money to pay off his own political friends and personal debts. Matthews had already paid him for legal services and Matthews considered this diversion of emergency funds to be theft.

**Drug Money for Political and Judicial Appointments**

Matthews said he discovered Rozan was sending briefcases of money to the chief financial officer of the Republican Party for political and judicial appointments and other favors. Matthews made this information known to Houston Customs agents who in turn notified U.S. Attorney Roberto Martinez in Miami, advising that Matthews was recording conversations supporting the bribe money. Matthews described how the bribe money worked:

> The drug money went to political campaign chief financial officer Robert Holt, by way of Steven Rozan, who was a former Assistant U.S. Attorney vying for a U.S. Attorney appointment in Houston. I had flown Rozan to Midland on more than one occasion to deliver a briefcase to two gentlemen at the airport. Rozan explained to me how he visited Holt’s office, described his secretary, etc.

Rozan had asked for additional funds of $500,000 from the same drug trafficking group to give to Holt. Rozan claimed this would buy him friends in high places and guarantee that he would be appointed the U.S. attorney’s position in Houston or a position just as important.

I met the man in Midland, Texas who received the briefcases of money from Rozan when I flew Rozan to Midland, Texas. Rozan would not risk carrying the briefcases of money on the airlines.

I advised Customs agents Singleton and Farley what was going on, and they suggested I obtain incriminating tape recordings, which I did. I also set up a deal with Rozan to deliver the $500,000 in drug money he requested in Houston, a sting operation targeting Rozan and his political friends. Houston proposed the operation to the Miami U.S. Attorney’s office, and I was arrested after that.
When the sting operation on Rozan and his incumbent political friends was proposed by Houston Customs agents to Miami U.S. Attorneys’ office under Martinez, it set off an alarm. Martinez was a strong supporter in the Bush camp. He knew Holt had run the campaign for Bush and Quayle in ‘88 and ‘92. The sting operation was to deliver another $500,000 of obvious drug money to Rozan in Houston and go from there to get Holt. Miami’s U.S. Attorney’s office not only squashed everything, but Thompson took it even further and scuttled the Montana trial against Rozan, which was the link to Holt. As it stands, there is only scant circumstantial evidence against Holt and the Republican finance committee, thanks to Miami U.S. Attorney’s office and Thompson.

The whole thing came to a dead end when I was arrested. The thrust of the trial in Montana was to convict Rozan and then get him to set up and roll on Holt. When Rozan was acquitted through Thompson’s maneuvers, the threat to Holt and the campaign finance committee was cut.

After I gave Greg Laughlin (Democrat) a copy of the Matthews papers indicating the Republican presidential campaign leadership may be involved in taking large amounts of drug money in return for political appointments, he switched over to the Republican party and gained the support of Haley Barbor, the head of the Republican campaign funding. I never heard a word back from him. He lost his seat in the following election. Robert Dornan out of Orange County, California, was the only one to lift a finger to help me, after I sent letters to over 140 U.S. representatives and senators. [Dornan also lost his seat after investigating Matthews’ charges.]

Matthews explained he had originally flown Rozan and his law partner, Sid Berger, from Fort Lauderdale to Andrau Airpark in Houston with the $500,000 contained in two silver metal suitcases. (Later turned into a golf course.)

**The Montana Property Known as Top Gun**

Matthews acquired the Montana ranch known as Top Gun from Jimmy Ellard, the aide to Pablo Escobar, and then placed the documents for the property transfer with Rozan for safe keeping while Matthews advertised in a Costa Rican newspaper seeking to trade the Montana property for land in Costa Rica. The intent of seeking Costa Rica property was to entice Pablo Escobar to visit the property and then be arrested.

**Forging Signatures to Montana Ranch**

Matthews said Rozan then used the Montana ranch as if it was his own property, as Rozan reportedly had done with Matthews’ $500,000, and placed the property into the name of his law partner, Side Berger.

Matthews said Rozan forged the signature of Ellard’s girlfriend, Miriam Heins, who was on the title, and had his office secretary, Chris, notarize the forged signature. If this is correct, there is the possibility that whoever owns that ranch could lose it if a legal attack was made on the title based upon the forged signature. The Montana ranch was located near Kalispell on the west side of Glacier National Park. It was eventually divided into several parcels.

**Analyzing Taped Conversations Between Matthews and Rozan**

Matthews provided me with the transcript of a taped conversation (May 8,
1992) between himself and Rozan at Matthews’ Cancun, Mexico, residence. Matthews explained that Rozan and his law partner, Sid Berger, visited him several times in Cancun and this taped conversation was made during one of those visits. The transcript was bits and pieces of the conversation and I asked Matthews to explain what was said. The transcript was explained by Matthews as follows:

- Conversation between Rozan and Matthews concerning the bribe money paid to the Democratic Party to purchase a U.S. Attorney’s position in Houston.
- Funneling of drug money to the Republican Party at Midland, Texas.
- Rozan encouraging Matthews to move to Brazil and not return to the United States so as to avoid a pending Justice Department prosecution of Matthews and keep Matthews away from a criminal trial in Montana in which Rozan was the defendant.
- Discussed the $240,000 the government owed Matthews for the last five trips that he made hauling government people and drugs.
- Discussed the Montana ranch, which was formerly owned by Jimmy Ellard using the alias, Joe Cernoch. That was the name of the deceased husband of his girlfriend, Miriam Hiens, who lived in Barranquilla, Colombia.

**Retaliating Against “Uncooperative” Members of Congress**
Matthews interested California Congressman Robert K. Dornan in the drug-money bribes. On February 2, 1996, Dornan notified Matthews that he was initiating a congressional inquiry with U.S. Customs Service. The possible consequence of this congressional “snooping” was that a large amount of money was funneled into the congressional election for Dornan’s challenger, resulting in Dornan losing the election. Because of election irregularities, Dornan challenged the election results, but with a Democrat in the White House controlling the Justice Department, the challenge went nowhere.

**The Prophetic Statement of the Texas DPS Agent**
“In the end, they’re gonna screw you,” was the statement made to Matthews by Texas Department of Public Safety officer Kenneth Dismukes. And he was right! Matthews was learning too much. Discovering the bribing of government officials and politicians just made matters worse for Matthews. In Fort Lauderdale, AUSA Terrence J. Thompson obtained a grand jury indictment against Matthews for the two holiday drug runs that occurred almost three years earlier, and which were known to Justice Department prosecutors during that entire period. Something triggered the need to get Matthews out of the picture. Government agents even authorized Matthews to fly other government operations after the holiday drug loads, something that they would not have done if Matthews had really flown unauthorized drugs into the United States.

In obtaining the indictment against Matthews, the prosecutor had Pablo Escobar’s aide, Jimmy Ellard—who played a key role in the death of 110 people in the bombing of the Avianca airline—provide testimony to the grand jury. Ellard was in prison and was promised his release and other benefits if he testified against Matthews, as the prosecutor wanted him to testify.

**Customs Arresting Matthews for Drug Loads They Authorized**
Customs Internal Affairs agents—the same agency that authorized the
flights—arrested Matthews on June 26, 1992, charging him with drug offenses related to the holiday drug loads.

During several telephone conversations with Texas DPS agents, and particularly Robert Nestoroff, Thompson learned that Texas DPS and federal agents would testify that Matthews had authorization to fly the two holiday runs. Thompson tried to get Nestoroff to deny Matthews had such authorization. Nestoroff replied that taped telephone conversations between himself and AUSA Dave Hall showed that Matthews had authority to fly the loads. Thompson said that Nestoroff should keep these tapes from Matthews’ attorneys, a clear violation of the requirement that prosecutors provide the defense with any exculpatory information.

Nestoroff replied that it was required by law to provide such evidence to the defense. Thompson said he had no intention of making the tapes available. Nestoroff then said that Matthews’ attorneys already had copies of the tapes.

**Replacing the First Indictment**

Realizing that these tapes undermined his charges against Matthews and that Texas DPS personnel would not commit perjury for the prosecutor, Thompson obtained on September 7, 1993 another indictment to replace the first one. The second indictment eliminated the charges of conspiracy to bring drugs into the United States between 1985 and 1988, relying primarily upon the statements to be made by Jimmy Ellard—a former aide to Pablo Escobar—who was a prison inmate with years of imprisonment remaining on his sentence.

He was in prison because of Matthews’ earlier undercover work for Texas DPS and Customs agents. Now, Justice Department prosecutors were offering the incarcerated convict the opportunity to get back at Matthews, and be released from his long prison sentence—by testifying as Justice Department prosecutors wanted him to testify. Further, he would be allowed to keep his drug-tainted assets, and as an extra bonus, would be protected against being charged with criminal perjury for his perjured testimony. Ellard couldn’t lose.

**The Public Would Not Do Too Well in This DOJ Scheme**

The public would not do too well in this DOJ scheme. They would lose the drug catching efforts of Matthews, and have inserted into the community a major drug kingpin responsible for thousands of pounds of cocaine entering the United States!

Ellard’s testimony consisted of unsupported statements that he had seen Matthews haul drugs into the United States from 1984 to 1988, and that Matthews had paid over five million dollars to Texas DPS agent Robert Nestoroff for protection and Customs agent Richard Cardwell for AWACS schedules.

**Summary of Problems Using Major Drug Kingpin Ellard**

There were a few problems using Ellard as the Justice Department’s star witness against Matthews. For instance:

- Ellard had been a major drug trafficker who brought tons of cocaine into the United States.
- Ellard played a key role in the death of over 100 people.
- Ellard was also indirectly connected to the United States’ Number-1 drug cartel target.
• Ellard was formerly a Texas police officer, making his violation of trust an even worse offense under federal criminal law.
• Department of Justice personnel were releasing into the general population an extremely dangerous criminal.
• Ordinary men and women were being arrested and imprisoned by the same Department of Justice attorneys for possession of M&M amounts of cocaine. It is probable that almost the entire federal prison population sentenced collectively to hundreds of years in prison would have brought into the United States, or dealt in drugs, that were far less in quantity that Ellard had admittedly brought in.
• Government offices would be further corrupted by the culture in the Department of Justice, which spreads, cancer-like, throughout government and society.

Possible Reasons for This Convoluted DOJ Conduct
Something smelled rotten here, and the answer might be found in why the Department of Justice would want Matthews taken down, silenced, and discredited. When Department of Justice officials block the arrest of a major U.S. drug lord by sabotaging the contract agent hired by Customs to bring about his arrest, it suggests cover-up of a government connected drug operation. Something doesn’t ring correctly smells when a key aide to a major drug kingpin, guilty of many murders and responsible for tons of cocaine smuggling, is given his freedom by Department of Justice lawyers in exchange for testimony leading to the imprisonment of a contract pilot seeking to bring about the arrest of the drug kingpin! Here are a few reasons why the Department of Justice officials might have wanted Matthews imprisoned. Matthews knew of:
• Drug loads flown into Guantanamo Bay Naval Air Station and into the United States on behalf of Customs and DEA agents, part of the widespread smuggling of drugs into the United States by government personnel and government agencies—a major scandal waiting for the public to recognize.
• Drug money going to purchase U.S. Attorney’s positions.
• Drug money going to the Democratic Party.
• Matthews was a threat to the Pablo Escobar organization—which had close ties to CIA drug smuggling operations.

Ellard’s Plans to Blow Up Drug Planes
Matthews told me how Ellard designed the bomb that Escobar used to blow up the Avianca airliner and the reason for placing the bomb on the aircraft: kill two people Escobar wanted eliminated. Matthews knew this information from prior conversations with Escobar and Ellard. Matthews wrote:

Ellard had proposed a plan to Escobar, to rig his drug planes with explosives while the drug plane was parked on the strip in Colombia at night, and had asked me to detonate the charge with a remote control device from a surveillance airplane if the drug plane was being followed, in order that his drug pilots could not testify against him if caught. Escobar went behind Ellard’s back and attempted to devise a plan to shoot down the interdiction plane instead of his drug plane in order to save his load. I was first compelled to see that neither of these plans were carried out. My next priority
was connecting Stadter to the air-drop operation in the Gulf. I also wanted to maintain a bridge to Escobar after Stadter went down. Numerous loads of cocaine hit the street in the process.

**Using Another Major Drug Trafficker Against Matthews**

Another witness used by the prosecutor against Matthews was Nelson Emmons, the drug trafficker that Matthews had earlier targeted in a DEA-directed operation that resulted in Emmons receiving a 17-year prison sentence. Now, Justice Department prosecutors offered another major drug trafficker his release if he testified against Matthews, using the prosecutor’s transcript.

**Over 100 Cocaine Loads Into the United States**

The Justice Department prosecutor coached Ellard and Emmons on the testimony he wanted to hear. During cross-examination, Emmons was forced to admit to smuggling over 100 loads of cocaine by boat into the United States. It can be assumed that these huge drug loads played key roles in many drug overdoses, murders, and other crimes.

Emmons testified that Matthews profited by helping him make the transition from drug smuggling by boat to drug smuggling by plane by teaching him to fly twin-engine aircraft. In order for the government to have a basis for seizing Matthews’ home, Emmons fabricated testimony stating that Matthews sold drugs from his home. With Emmons and Ellard, it was a case of “Tell me what you want me to say and I’ll say it.”

**Chief of Texas Department of Public Safety Supported Matthews**

With credit to the Texas DPS and their agents, especially Nestoroff, they testified in Matthews’ behalf, along with many other government agents. The Texas Department of Public Safety took the position they would not be part of any cover-up or perjury, and they provided evidence showing that Matthews’ activities were authorized.

In August 1992, AUSA Terrence Thompson had visited Texas Department of Public Safety headquarters in Austin, Texas, and met with DPS assistant chief of law enforcement, Mike Scott. Thompson advised Scott that he was investigating Matthews’ role in the Christmas Day and New Year drug flights. This set off alarm bells with Scott. “We immediately laid out the whole story on the task force investigation for him.” Scott later said. A *Dallas Morning News* article on January 29, 1995, said:

> Thompson got mad when I confirmed that Bob Nestoroff, if subpoenaed, would testify truthfully that those two flights were sanctioned by the federal government. Thompson refused to receive copies of DPS records on the task force, including recordings Sgt. Nestoroff made of phone conversations with federal authorities who acknowledged that Mr. Matthews’ efforts were sanctioned by the government.

Texas DPS agents recorded conversations with AUSA David Hall showing that state and federal agents authorized Matthews to fly drugs into the United States. When Thompson learned that these tapes were made available to Matthews’ attorneys, Thompson was furious. Scott testified to this reaction, and testified as to how he told Thompson that the tapes would have to be made available to the defense. Scott testified, substantiating the prosecutor’s obstruction of justice tactics:
Thompson appeared upset on the telephone. I explained that they probably got the copies through Mr. Burton [Charlie Burton, Nestoroff’s attorney from Austin, Texas]. But I said, “Mr. Thompson, it shouldn’t have mattered anyway because under discovery you would have had to divulge the existence of the tapes.” And he said, “I had no intention of telling them that I had the tapes.”

**Texas DPS Testified Matthews’ Holiday Flights Were Authorized**

Texas DPS Chief Michael Scott continued his testimony, revealing that much of the information contained in those tapes was inconsistent with the theory of the government in its prosecution of Matthews. He explained that the first indictment the Justice Department prosecutor filed against Matthews involved the December 25, 1988, and January 1, 1989, drug loads that had been authorized and were known by Texas DPS and Customs agents.

**Government Immunity for Period Covered by Second Indictment**

Testimony also brought out the fact that even if Matthews had brought drugs in during the period covered by the second indictment he had been given immunity twice for any private flights he might have conducted during the periods from 1985 to 1990. Matthews had been an undercover agent for the Texas DPS, DEA, and Customs offices for this entire period of time and had been given carte blanche authority and immunity.

**Typical Justice Department Threat Against Witnesses**

Scott further testified about the DOJ’s prosecutor threatening DPS agent Nestoroff:

_Suddenly, Bob [Nestoroff] got hit with subpoenas for bank accounts, phone records, everything. He had his security clearance with Customs jerked. We saw it as intimidation, a hint that Bob should not testify at Matthews’ trial._

Scott testified that after DOJ prosecutor Thompson learned that Matthews’ attorney had the tapes showing he had authority to fly drugs, Justice Department prosecutors dropped the charges. And then promptly fabricated new ones—offering a prisoner his freedom to testify against Matthews. The prisoner was to testify that Matthews had furnished AWACS schedules to Ellard and Emmons from 1986 to 1990, which Matthews had allegedly purchased from government agents.

**Texas DPS Agent Robert Nestoroff Supported Matthews**

Texas DPS agent Robert Nestoroff testified about a meeting held in November 1990 at Lakeside Airport in Houston. This was a meeting where government agents agreed that Matthews’ prior flights—if they had been without authority—would be wiped clean from the slate if he helped with some specific operations for Customs and cooperated with the High Intensity Drug Trafficking Area task force (HIDTA). In response to a question asked by defense attorney Ronald Dresnick, Nestoroff testified:

_Farley said that they wanted to clean the slate with Mr. Matthews and that they had some things that they wanted him to do and they would like him to come over and work for them. [Referring to the “clean state” statement] That everything that occurred with his past was forgotten and that they wanted to talk to him and get him to work for them for a group they had_
over in Houston, Houston HIDTA, High Intensity Drug Trafficking Area

Referring to efforts by U.S. Customs in Houston and San Antonio to use Matthews, Nestoroff testified that agent Richard Nichols called him and said that his agency would “like to bring Matthews into the organization.” Responding to questions about whether Justice Department prosecutors wanted to prosecute Matthews, Nestoroff replied:

*I thought it was pretty rotten that they told the man he could do one thing
and then they tried to lie their way out of it. I felt that what they were doing, dropping the investigation [of Stadter ] was at least in part a vindication to me.

DPS Tape Recordings Showing DOJ Attempts to Suborn Perjury

Nestoroff provided tape recordings revealing Justice Department personnel trying to get him to lie and deny the fact that Matthews had been given authorization to fly the drug loads. The introduction of these tapes into the trial infuriated the Justice Department prosecutor. Nestoroff testified concerning a December 14, 1988 meeting, relating to the upcoming “holiday load” drug runs:

*The gist of the December 14th (1988) meeting, which was attended by myself, Lieutenant Dismukes, Rodney Matthews, Tom Grieve, Jim Dukes, and Dave Hall, was the upcoming Christmas-New Year’s trip and what in fact Mr. Matthews was supposed to do. He was told that if in fact he was placed in the position of having to run the load, that he should go ahead and do so. [Matthews was] an excellent informant. You see, this is an informant that didn’t mind going and putting himself in danger and going into the lines of dangers several times for us, and he never questioned it. He was one of the best informants that I ever had.*

Nestoroff stated he reported his activities to his immediate supervisor, Kenneth Dismukes and that these meetings were made known to DPS Captain Don Cohn. Nestoroff added:

*This didn’t sound right, but we had a subsequent meeting with the Assistant U.S. Attorney [Dave Hall ] assigned to the investigation, and I got the same story from him. He told Mr. Matthews that he had authority to do what Mr. Grieve wanted him to do, including flying to Colombia, if need be, to pick up a load of cocaine and bring that load of cocaine back into the United States. And as far as Grieve was concerned, he started out by saying that the load could get away, if necessary, if it had to.*

Nestoroff testified that Customs was alternating between whether to prosecute Matthews or Stadter, the drug lord that Matthews and other government agents were trying to arrest. Nestoroff was asked, “Now, going back to late January 1989, there were these meetings and these meetings were to determine whether Mr. Matthews would be prosecuted or not. Whatever happened to the Stadter investigation?”

Nestoroff replied that charges were dropped against the Stadter drug organization, including Vic Stadter, his pilot Greg Thompson, and his associate
Diane Borden. In effect, the Department of Justice tactics not only released from prison into the general population Ellard and Emmons, but also resulted in investigations being dropped against other suspected drug traffickers. The Department of Justice’s conduct raises serious questions about what were the Department of Justice’s real motives. Nestoroff continued, as he testified about the meeting where Matthews refused to fly drugs without authorization:

*Then Mr. Grieve said that it was possible to get Customs authorization for Mr. Matthews to fly a load of cocaine if he was put in the position to do so, but that if it was necessary for him to be put in that position, that he should be vague in his response to what he was telling us, so that if they didn’t have specific information, then they wouldn’t have to interdict the load if it came in.*

*They’re telling Mr. Matthews to be vague and if he’s going south (Central and South America for drugs), to use coded messages or be very vague about what he was doing. And just let us know that he was going south to do a trip.*

**DOJ Devoting Major Attention to Discrediting Matthews’ Witnesses**

Seeking to discredit this testimony, the DOJ prosecutor repeatedly sought to discredit Nestoroff by charging—without any evidence—that Matthews had bribed him to avoid arrest, and acted to discredit Customs agent Cardwell by stating that Matthews bribed him to provide AWACS schedules. Seeking to discredit Cardwell, the DOJ prosecutor sought to discredit his employment application by alleging, without evidence, that Cardwell had lied about the amount of piloting hours he had so as to get a pilot’s job with Customs.

The prosecutor alleged that Matthews sold AWACS schedules to drug cartels, which helped to avoid interdiction and assisted in bringing 50,000 kilos of cocaine into the United States. In the mindset of Justice Department prosecutors, the drug traffickers bringing in the huge quantities of drugs were entitled to their freedom in exchange for life-in-prison of the person who allegedly sold them AWACS schedules!

**25 Government Witnesses Versus Mass Murderer: Guess Who Wins!**

Twenty-five government agents and two assistant United States attorneys testified in Matthews’ defense. Contradicting their testimony were the two major drug kingpins and the mass murderer. It would be difficult to more clearly depict the arrogance and corrupt culture in the Department of Justice that permits such mentality to control the awesome power of the Department of Justice.

At that time, the United States considered Pablo Escobar Gaviria the most dangerous narco terrorist. He was responsible for many bombings that killed and maimed hundreds of innocent people, including the deaths of 110 people on the Avianca aircraft. He was one of the most brutal of all drug traffickers. Dozens of buildings were bombed as he brought a reign of terror upon Colombia.

Escobar converted drug trafficking into big business, responsible for shipping huge amounts of cocaine into the United States. Escobar, sometimes known as the “Godfather,” had been listed by *Forbes* magazine in its list of the top 100 non-U.S. billionaires (July 1988). He brought individual drug traffick-
ers into a cartel that increased the quantity of drugs coming into the United States. At that time Escobar was considered the most dangerous of all drug traffickers, surely Number One on the U.S. list of drug traffickers. The expenditure of vast U.S. efforts and funds were made to capture Escobar and his associates. Jimmy Ellard was a close associate or partner to Escobar, and now being handsomely rewarded for testifying against a government contract agent who had been responsible for his earlier imprisonment.

**DOJ Prosecutor Praising Pablo Escobar's Top Aide and Aviation Terrorist**

For the Department of Justice personnel to use Escobar’s close aide to sabotage a contract government agent, to allow that aide, Jimmy Ellard, to sit alongside the U.S. Attorney in court as if he was an honorable person, reflects the sordid culture in the U.S. Department of Justice. And it coincides with what I have documented for the past 30 years about the arrogance and criminality in that misnamed government agency. With the help of the Department of Justice, in the Matthews case, the Escobar group proved that the bad guys really do win, with help like they received from DOJ personnel.

**In Jest, DOJ Using Escobar as a DOJ Witness**

In a moment of jest, Matthews wrote, “Thinking back on it all, it’s probably a good thing for me that I didn’t bring about Escobar’s arrest; looking at [DOJ prosecutor] Thompson’s way of doing things, Escobar would have been one more government witness against me.”

**DPS Agent Kenneth Dismukes Confirmed Matthews’ Authority**

Testimony by DPS Kenneth Dismukes told how Matthews was brought to a Customs meeting at which Customs wanted to use Matthews in undercover operations, particularly into the Vic Stadter investigation. Referring to Customs agent Rich Nichols, Dismukes testified:

*Rich Nichols informed us that they [U.S. Customs] were part of a task force, a financial task force, and they wanted to use Mr. Matthews to fly a load of cocaine to the Vic Stadter organization, trying to infiltrate them in that manner.*

Referring to Matthews’ statement during the meeting, Dismukes testified:

*He would be willing to do it, but having known those people [drug traffickers] from the past, they would expect him to more or less fly a test load, and if that went through, then they would go for a bigger deal. He was told to fly a load of dope, if necessary, to get on the street for distribution. I had warned Mr. Matthews that he’d be taking a risk and I advised him not to do it. I told him if something happened and something went wrong [such as media publicity] he’d be left hanging out to dry.*

**DEA Agent McDaniel Supported Matthews’ Authorization**

DEA agent Frank Michael McDaniel from the Houston DEA office testified on behalf of Matthews. He testified that the DEA, U.S. Customs, the Justice Department, and the Texas Department of Public Safety had all given Matthews carte blanche authority to carry out drug interdiction operations. Referring to confidential informants and undercover agents, McDaniel said:

*We have people that have been charged with another crime, particularly narcotics, that are working to reduce their sentencing in that particular*
case that they’ve been charged with. We have others that have specialized services that they can provide to help us in an undercover role, and then we have others that are there for other different type of motivation, for money, or to reduce the flow of narcotics in this country and various other things like that.

McDaniel was asked, “What was your understanding as to the capacity or the role that he was acting?”

Matthews was a pilot and could assist us in our undercover operation of taking one of his aircraft, flying to a clandestine airstrip or a rural strip in Central or South America and transporting the shipments back to the United States for us, where we could have the narcotics seized in the custody of the traffickers in the United States.

McDaniel explained, in response to a question as to how it was determined how much to pay Matthews:

We would discuss it with our supervisors and determine the amount of risk that was taken by him and the amount of overhead and different items, we would come up with a figure and then submit that request to Washington, D.C.

McDaniel testified about the $200,000 the government still owes Matthews. He testified about the great dangers faced by Matthews in his government directed and authorized activities. McDaniel testified that the work was “extremely dangerous for the pilot” and that when undercover pilots go to pick up a drug load at the destination, “sometimes people will kill the pilot and take the aircraft.”

Confirming Non-Dipping

In response to questioning about whether Matthews ever diverted any of the drug loads to his own use, McDaniel testified:

In our undercover role [as drug buyers], the traffickers would inform us before [Matthews] even arrived in the United States how many kilograms of cocaine would be loaded on the plane, and then we would be accountable to those traffickers for delivering a certain quantity of that cocaine into the hands of their associates in the United States.

Washington Customs Supervisor Supported Matthews’ Authority

Customs supervisor Charles S. Harrison from Washington, D.C., who was Agent In Charge of the Houston office from 1986 to 1992, testified that he knew that the Drug Enforcement Administration utilized Matthews in undercover drug flights, after the Houston and San Antonio offices intended to prosecute Matthews for the holiday drug loads. Harrison testified he knew AUSA Dave Hall and other government agents authorized Matthews to haul drugs into the United States, including the holiday drug loads.

Customs Agent Nichols Confirmed Matthews’ Authority

Customs agent Rich Nichols was one of the agents who recruited Matthews to infiltrate the Stadter group. Nichols testified that Matthews had government authority to haul drugs as part of government directed undercover activities. He described the 1988 meeting that was attended by Customs personnel Thomas Grieve and Jim Dukes, and DPS personnel Kenneth Dismukes, Robert Nestoroff, himself, and by Matthews, during which plans were made for Matthews to infiltrate the Stadter organization.
Government Instructions to Matthews Had to be General
Nichols testified that the instructions to Matthews had to be general in nature, and that it was up to Matthews to infiltrate the organization in whatever way was necessary. Nichols testified about a second meeting in August 1988 attended by himself, Robert Nestoroff, Rodney Matthews, and Special Assistant United States Attorney Dave Hall who was heading the financial task force of which Nestoroff was a member at that time:

_The purpose of that meeting was to acquaint Mr. Hall with Mr. Matthews, and we did discuss at the second meeting the flying in of contraband cocaine. Specifically Mr. Matthews said, “You realize in order for me to get close to Vic Stadter, I’m going to have to fly some [drug] loads,” and I said that’s not gonna be a problem._

Matthews Had Implied Government Authority To Fly the Holiday Loads to Obtain Evidence
Under an important recognized doctrine of law, Matthews had implied authority to transport the two holiday loads as part of the plan to obtain evidence on a large drug-smuggling operation. Implied power is power to carry into effect the orders given to infiltrate a major drug cartel and includes all steps that are necessary to carry out that purpose. Ballentine’s Law Dictionary describes “implied authority” as follows:

*Implied authority is authority of an agent, circumstantially proved, which the principal is deemed to have actually intended the agent to possess. This is authority of an agent arising independently of any express grant of authority, as from some manifestation by the principal that the particular authority in question shall exist in the agent, or arising as a necessary or reasonable implication in order to effectuate other authority expressly conferred, embracing authority to do whatever acts are incidental to, or are necessary, usual, and proper to accomplish or perform the main authority expressly delegated to the agent. Annotation: 55 ALR 2d 27, Section 4[a]; 3 AM J2d Agency Section 71. (19Am J2d Corp Section 953)*

Assistant U.S. Attorney Testifying for Matthews
Assistant U.S. Attorney Thomas I. Meehan, Jr. from the Houston office testified that AUSA Dave Hall (out of the Washington office of the Department of Justice) on assignment to the San Antonio office, had told him that Matthews was authorized to fly drug loads. Matthews’ attorney, F. Lee Bailey, asked Meehan during the trial: “In essence then, you, as a prosecutor, understood that what Rodney had done had been within his charter in Hall’s opinion, and there would be no criminal case?” Meehan answered in the affirmative, that Matthews did have authority to carry the drugs that he carried.

Referring to a memorandum that Meehan wrote after talking to AUSA Hall, Meehan testified:

*After Mr. Matthews and Greg Thompson had been arrested, Dave Hall and a fellow named Bob Nestoroff from the Department of Public Safety in Texas arrived in Houston to talk about whether those charges were going to be pursued by us. During that meeting, the understanding I had from Hall was that although Matthews was working on the Vic Stadter case that Hall considered the load of cocaine that had come in on the 31st as part of*
that, [even though] he had been unaware it was coming in at the time it came in. I had that same understanding from Bob Nestoroff, and that also applied to a different shipment, a considerably smaller shipment at Christmas time.

**Carte Blanche Authority to Fly Drugs**

Bailey handed Meehan a report that Meehan had earlier prepared and asked: “Did Dave Hall use any words that are perhaps unusual in the narcotics business when it comes to the operation of a confidential informant as respecting this case and Rodney Matthews?” Meehan responded:

*Carte blanche, certainly. I know that Hall told me that in his opinion the shipment into Fort Bend County [Matthews‘ airstrip at Damon, Texas] was part of the Stadter investigation. As far as he was concerned, Matthews had carte blanche to do anything he had to do in connection with that case, and consequently that was the defense to the charge, and I dismissed the charges.*

During this questioning, Meehan testified that he knew that the pilot arrested with Matthews on the New Year arrest “was a member of the Stadter organization and a fellow that Matthews was trying to deliver to the government.”

**DEA Agent Garner Confirmed Matthews’ Authority**

DEA agent Jerry Garner’s testimony supported the testimony given by McDaniel. Garner testified to the government-authorized drug pickup by Matthews:

*Mr. Matthews provided transportation of drugs. He provided a service for us. He was instructed to go to a specific location, pick up cocaine, and return to the United States, which he did, and he did very well.*

**Late Discovery of Perjured Testimony in Matthews’ Trial**

Although many government agents courageously came forth and gave truthful testimony, there were government agents who knew the path to advancement in government, and that included lying as Justice Department prosecutors wanted them to lie, or to give half-truths that had the same effect as lying. Customs agent Ken Cates gave testimony that fit into this category. This deception came out during a later trial when attorney Daniel Cogdell of Houston compared the transcript of testimony given by Cates to the grand jury that indicted Matthews with a memorandum that Cates had previously written. Cogdell read from the Customs report that Cates had written several years earlier:

*During these meetings, these federal officers posed little, if any, restrictions on Matthews‘ proposed criminal activities, which clearly were to include smuggling of narcotics into the United States, which were destined for the Stadter criminal organization.*

Cogdell then read from the transcripts of testimony Cates had given that led to the jury indicting Matthews. Cates testified to the grand jury that he had interviewed the agents at the meeting that authorized Matthews to fly drugs and that Matthews was not given authority to haul drugs into the United States. Cates omitted the fact that Nestoroff, Dismukes, Hall, all agreed during the meeting that Matthews had been given authority to fly drugs into the United States. By omitting key facts, Cates lied to the grand jury, permitting an indictment to be
Cates was next in line to San Antonio SAC Neil Lageman. By placing the blame on Matthews for the holiday loads, this would take the blame off San Antonio Customs and off Department of Justice officials who authorized the multiple loads of cocaine to hit the street. Neil Lageman issued the early 1989 memorandum charging Matthews with illegally flying drugs into the United States on Christmas and New Year’s Day.

**Lageman Severely Criticized for Protecting Drug Traffickers**

Lageman was severely and repeatedly criticized in a 1535-page House report for repeatedly blocking the prosecution of major drug traffickers. Cates later resigned from U.S. Customs Service and Lageman was transferred. (It is standard practice in government to transfer incompetent people to another location and often promote them in the process, especially in the Federal Aviation Administration where I had insider knowledge.)

**Exculpatory Evidence Seized From Matthews by DOJ**

While Matthews was in prison waiting for the trial to start, government agents and prison officials seized most of his documentary evidence, including government checks that constituted payment for flying drugs into the United States. One was a $40,000 check paid to Matthews by Houston HIDTA/DEA for one of several such flights.

AUSA Thompson kept many exculpatory documents from Matthews’ defense team that had been seized from Matthews’ home and his prison cell. These included a critical document involving AUSA Meehan’s testimony concerning the carte blanche memo, fax correspondence with Houston DEA and Miami Customs, tape recordings and photos, and the Lageman memo that constituted a cover-up. Also withheld from Matthews’ defense, but not discovered until after the trial, were tapes made by Ellard on a small recorder that Ellard had sent to his wife which described the benefits he would receive in return for testifying against Matthews, and other papers.

**Assassination Attempt Against Matthews by DOJ Witness**

On January 13, 1992, before an indictment was handed down, an assassination attempt was made upon Matthews and his wife. He had received a call one evening from a person saying, “This is important, it’s about Jimmy Ellard,” and asked Matthews to meet him at a nearby 7-11 store. Only Ellard would know that Matthews would have been receptive to a person using Ellard’s name. At that time, Matthews didn’t think it was a hit team because they would not have used Ellard’s name. Upon arriving at the 7-11 outlet in his pickup, a man opened the door on the passenger side, slid in and shouted, “Let’s go to your house. Now!”

Matthews realized his wife was also an intended victim since she had heard Ellard’s name from the caller and would be a witness against Ellard to Matthews’ murder. Upon pulling out onto the street, Matthews swerved the pickup hard, throwing the gunman off-guard. He seized the gun and during the struggle three shots were fired, narrowly missing Matthews. The gunman then jumped out of the pickup and ran off.

The assassination attempt on Matthews occurred shortly after Ellard discovered from his attorney, Bill Norris, that Matthews was responsible for his
1985 arrest. Ellard’s attorney had discovered this fact after Matthews had gone to another attorney in Miami seeking legal help in getting Miami Customs to release the twin-engine Merlin they had seized. During their discussions, Matthews had casually mentioned he was responsible for Ellard’s arrest. It was by sheer chance that Matthews contacted that particular Miami attorney, who was a friend to Ellard’s attorney, and who passed along the information that Matthews had given him. It is also believed that AUSA Thompson told Ellard about Matthews being responsible for his arrest. With Ellard’s murderous background, the prosecutor surely knew that Matthews could be Ellard’s assassination target.

**DOJ Prosecutor Denied What the Evidence Proved**

When Matthews’ attorney tried to bring to the jury’s attention the attempt to assassinate Matthews and that the attempt was probably directed by the prosecutor’s chief witness, the prosecutor sought to discredit the assassination-attempt story. Otherwise, it would adversely affect the credibility of the prosecutor’s main witness. Testimony by local law enforcement officers showed that an assassination attempt did occur. Judge Ursula Ungaro-Benages blocked presenting any evidence on the matter, assuring Matthews’ attorney that “he would not need to bring that up to win this case.” Either she misjudged the jury’s reaction to the evidence, or she was helping to protect the Justice Department’s sham action against Matthews. Her overall conduct indicates the latter.

**Standard Problem with Defense Lawyers**

Matthews encountered problems with his defense lawyers, something that appears throughout these pages, and throughout all of my books. His first lawyer, Marty Raskin, wanted Matthews to “cooperate” with the prosecutor, saying at one time, “Only Thompson can help you.” Matthews then hired Miami lawyer Ronald Dresnick who in turn brought in F. Lee Bailey. (Dresnick became a state judge after the Matthews trial.) To be on the safe side, Matthews hired Ralph Gonzales to sit during the trial and keep an eye on Dresnick and Bailey.

During the trial, Matthews asked Dresnick and Bailey to bring witnesses in who approved Matthews’ role in Operation Shanghai — the plan to kidnap Escobar, which would show government officials authorizing him to violate the law for an undercover operation. Matthews said Bailey told him he didn’t want to drag the government officials through the dirt.

Dresnick opposed bringing in the government officials to testify about the plan to kidnap Escobar, saying it would weaken the defense. That made no sense and protected the prosecutor’s case against Matthews. At that time, Escobar was the most publicized target of U.S. law enforcement, and showing Matthews’ attempts to kidnap him would hardly weaken the defense; it could, however, weaken the prosecution. Who were they trying to protect? It is very common for attorneys to present a weak defense to avoid antagonizing government attorneys with whom they will be working throughout their careers.

**Evidence Of Matthews’ Innocence Ignored by Jurors**

Strong evidence of Matthews’ innocence was introduced during the trial. One document, an 18-page confidential Texas DPS document dated February 15, 1989, gave details of Matthews’ government-approved undercover operations, stating in part:
12. Customs Special Agent Grieve advised Matthews that, if necessary, approval could be obtained for him to fly a load of Cocaine. Grieve advised Matthews that he should continue with his attempts to infiltrate the smuggling organization and, if placed in a position of flying a load of Cocaine, should make case agents aware of the situation but to keep details vague because if the agents had specific information, the agents would be required to interdict the load.

13. On or about August 1, 1988, at the request of Matthews, another meeting was held in San Antonio with Assistant United States Attorney Dave Hall to clarify the government’s position regarding Matthews’ culpability if in fact Matthews was required to fly a load of Cocaine for the Stadter organization. Hall advised Matthews that if in fact Matthews was placed in a position of flying a load of contraband, Matthews would not be prosecuted if the case agents were aware of the situation beforehand and would not be placed in a position where Matthews would have to testify in court. Hall instructed Matthews to do whatever was necessary to infiltrate the Stadter organization. Present at that meeting were Investigator Nestoroff, Matthews, Hall, and pilot Nichols.

26. Matthews advised that a Thanksgiving smuggling trip was possible and that he would be required to fly the trip with Thompson [Stadter’s pilot]. Grieve again reminded Matthews to communicate with Investigator Nestoroff but not to be specific because if specific details were known, then Customs Service would be required to interdict the load.

31. Nestoroff advised Cardwell that Matthews was involved in an undercover capacity with a large smuggling organization and that Matthews felt that any obvious indication of surveillance on the airstrip might alert suspects of law enforcement presence. [Houston Customs agents were in the process of sabotaging the undercover operation approved by San Antonio Customs agents.]

47. Matthews advised that there was still a possibility of a test load, which, if intercepted, would compromise any larger loads. Special Agent Grieve advised Matthews that, if necessary, a load would be allowed to get through to California but that if Matthews was intercepted by surveillance or radar, then there was no way that Grieve could intervene and that the task force would “take care” of Matthews and keep him from being prosecuted.

49. Grieve again advised that a load would be allowed to reach California if necessary to remove Matthews from risk of exposure and to increase the possibility of identification and arrest of other members of the Stadter organization. Grieve emphasized that the ultimate objective of the investigation was the arrest of Stadter.

50. Grieve reminded Matthews that he was to be vague about specific details of any smuggling trip because if he provided specific information, then it would increase the risk of premature action by the Customs Service. Grieve advised Matthews to provide only cryptic information regarding the trip. In fact, if a load was to be brought in over Christmas, Matthews was jokingly advised to use the phrase, “It’s going to be a white Christmas.”
69. Nestoroff briefly explained to Farley the ongoing smuggling investigation on Stadter and the involvement of Matthews to Supervisor Farley, and requested that Farley either contact Assistant United States Attorney Hall or the Assistant United States Attorney in Houston and brief them regarding the participation of Matthews before placing Matthews in jail. Nestoroff also advised Farley that Matthews had stated that Thompson was using the alias name Kevin Cook and that Thompson was allegedly a fugitive out of the Los Angeles area.

73. Hall advised that as far as Hall was concerned, Matthews was operating within the guidelines that Matthews had been given and that the information would be provided to investigators at a meeting scheduled for Monday morning, January 2, 1989.

**Customs Protecting the Stadter Drug Organization**

The DPS memorandum, marked “DPS Sensitive,” described how Customs Service Supervisor John Farley in Houston was advised of a highly sensitive undercover operation into the Stadter drug organization occurring at Matthews’ airstrip at Damon, Texas, and not to undermine the operation by conducting an obvious surveillance. Despite being advised of an undercover flight about to arrive at the airstrip, Customs agents from Houston were there and arrested Matthews and Stadter’s pilot, Thompson.

**The Real Reason For Arresting Matthews**

This arrest was ordered by Houston Customs despite the fact that they knew it was an authorized undercover operation, and knew that by making the arrest it would permanently destroy the ongoing multi-agency attempt to arrest Stadter and bring a halt to his organization’s drug smuggling activities. The arrest made Stadter realize that Matthews was conducting a government undercover operation to infiltrate his drug organization. The question arises as to whether government agents wanted to eliminate Matthews, or they wanted to protect a major drug operation.

**Sworn Affidavit Details Government Authority to Matthews**

Other evidence surfaced. A confidential Texas DPS affidavit prepared by Nestoroff (October 23, 1991) stated in part:

*Matthews has been actively working as a cooperating individual for the Texas Department of Public Safety Narcotics Division (“TDPS”) since 1984. I have been his contact agent since that date,...Matthews had been advised by an Assistant U.S. Attorney that he had “Carte Blanche” in this investigation and that he “would be taken care of” if problems developed,...Matthews has provided information and assistance over a period of eight (8) years which has resulted in the seizure of large quantities of Cocaine and Marijuana by Texas DPS, US Customs, and DEA and to the conviction of numerous defendants for violation of both state and federal laws. He has also supplied valuable intelligence information regarding numerous large scale smuggling operations in the United States, Mexico, and Colombia.*

**Approving Lie Detector Test Until it Supported Matthews’ Innocence**

To provide further proof that Matthews was testifying truthfully, Matthews’ attorney motioned the court to allow Matthews to be polygraphed on the key
issues. The court approved giving Matthews a polygraph test, and approved the person conducting the test. But after the test showed Matthews answered the questions honestly, and that he did not fly unauthorized drug loads, AUSA Thompson objected to the admissibility of the polygraph test based on lack of notice to the government.

The government surely couldn’t be prejudiced by having evidence presented that would determine Matthews’ innocence or guilt! Under law, the prosecutor’s responsibility is to insure justice, not to put innocent people in prison. The test arose because of the prosecutor’s questioning, and the prosecutor had plenty of time to address the test results. The polygraph operator had been used by the Justice Department in the past on its own cases and surely was considered competent and reliable to conduct the test. The prosecutor couldn’t challenge the competency of the polygraph examiner, George Slattery, nor that the test was not performed correctly.

Under law in the Eleventh Circuit, polygraph tests are admissible, upon meeting six tests. The court concluded that the six issues that must be met were met, except possibly for prior notice. The only issue was notice to the government, whether the issue was collateral or central, and if prejudice outweighed the probative value. Matthews faced life in prison, and Judge Ungaro was willing to allow this to happen on a minor technicality.

Matthews’ attorney argued that the polygraph issue did not arise until the prosecutor’s chief witness, Jimmy Ellard, testified on cross-examination. Judge Ursula Ungaro-Benages, insuring that the prosecutor’s case would not be undermined, refused to allow the exonerating key parts of the test results to be made known to the jurors.

Matthews’ Target—Escobar—Killed on Day Matthews Testified

 Ironically, the same day that Matthews was to testify during trial in November 1993 about the plan for Matthews to kidnap Escobar, Escobar was killed in Medellin, Colombia.

Pattern of Prosecutorial Misconduct and Inflammatory Lies

AUSA Thompson engaged in a pattern of lying, deceptive arguments, and inflammatory statements throughout the trial. During the final closing argument, Thompson held up a large photo of the military jet that Matthews purchased and he said to the jury, “This is what Mr. Matthews was going to use to shoot down U.S. Customs interdiction planes.” There was never any evidence introduced to support that inflammatory statement. Because this statement was made during the prosecutor’s final argument, there was no opportunity to contradict it.

Using a Bright Red Plane to Shoot Down U.S. Aircraft?

I saw a picture of the jet; it was painted bright red. This is hardly the color Matthews would have used if he was intending to shoot down government aircraft. The prosecutor’s argument was ludicrous, and the jury swallowed it.

Prosecutor Comparing Matthews to Saddam Hussein was Ironic

In his inflammatory statements to the jury, Thompson linked Matthews to Saddam Hussein and Muammar el Qaddafi, and appealed to the jury’s patriotism, which required finding Matthews guilty:

When faced with an enemy, the United States doesn’t blink when looking
into the cold stare of a Muammar Qaddafi or Saddam Hussein, and they
don’t blink when they stare into the cold, greedy eyes of this defendant. And
that’s what this case is about, ladies and gentlemen.

Prosecutor’s Reference to Iraq was Especially Ironic
The prosecutor’s statements equating Matthews with Saddam Hussein was
especially ironic since it was Matthews who had paid for and had arranged for
the non-publicized defection of an Iraqi pilot and aircraft. Matthews had in-
vested part of his assets and undertaken a complex plan to bring about the de-
fection of an Iraqi pilot and Iraqi aircraft, contributing to what could have been
a major public relations victory for the United States. Thompson—as corrupt a
prosecutor as one would find anywhere—had the audacity to link Matthews to
Saddam Hussein!

Misstatement of Drug-Related Assets
During the trial, the prosecutor referred to the expensive planes that Mat-
thews owned, implying that he acquired them from non-authorized drug flights
and that his Customs handlers knew nothing about them. He owned at various
times several Mitsubishi turbo-prop aircraft, each with a value of almost $1
million. In reality, Customs did know about the aircraft, had even flown in
them, and had contracted with Matthews to use the planes. On one flight from
San Antonio to Tampa, Florida, Matthews carried Customs agents Thomas
Grieve and Jim Dukes and AUSA Dave Hall. The purpose of that flight was to
have Miami Customs release a plane that had been earlier seized from Mat-
thews by Miami Customs agent Gene Wilkinson.

Judge Revealed Key Exculpatory Facts Without the Jury Present
Without the jury present, Judge Ungaro-Benages admonished the prosecu-
tor for the false statements made against Nestoroff and Cardwell that misled
the jury into thinking Matthews was guilty. She said, “What was presented at trial
certainly did not amount to criminal wrongdoing by any stretch of the imagina-
tion with respect to either Cardwell or Nestoroff.”

“Sick, Symbiotic, Manipulative, and Exploitive Relationship”
Judge Ungaro-Benages severely criticized government agents:
Mr. Matthews has been really used by the United States govern-
ment...periodically Mr. Matthews would get busted and periodically the
Government, with a wink and a nod,...would say, okay, Rodney, well, if
you’ll just fly a few more loads for us, we’ll forget about it....The govern-
ment’s very ugly underbelly... sick, symbiotic, manipulative, exploitive rela-
tionship with Matthews that culminated in a trial that pitted the United
States government versus the United States government....[The govern-
ment’s conduct was] an embarrassment, and the United States government
in many respects should be ashamed of itself....Mr. Matthews has been
really used by the United States government.

The prosecutor had based much of his case against Matthews on the argument
that Matthews bribed Nestoroff and Cardwell, and this argument probably re-
sulted in the guilty verdict. Now, without the jury being present to hear the
judge’s rebuke of that position, the judge revealed the absence of any support
for the prosecutor’s argument. The judge had allowed this false argument to in-
fluence the jury and then compounded the outrage by inflicting a greater sen-
tence than required upon Matthews. She was aiding and abetting each of the outrages and corrupt acts perpetrated by the DOJ prosecutor.

**Naive Jury Believed the Prosecutor’s Argument**

Despite the many government agents who risked their careers to testify on Matthews’ behalf, the jury, ignorant of the widespread government misconduct, partly of their own choosing, held Matthews guilty. They knew that he would probably be imprisoned for the remainder of his life. They share guilt for making possible the continuation of the corruption so prevalent in the most corrupt and most dangerous of all government agencies: the U.S. Department of Justice!

**Judge Orders Three Life-In-Prison Sentences**

In February 1994, Judge Ungaro-Benages sentenced Matthews to life imprisonment on a Continuing Criminal Enterprise (CCE) conviction, on the pretense that Matthews had transported into the United States 50,000 kilos of cocaine. This was the cocaine that the DOJ witnesses smuggled into the United States, and which Matthews knew nothing about! This was bizarre! First she criticizes government agents for misusing Matthews, and then she sentences Matthews to life in prison!

**$169 Million Judgment Based on Terrorist’s Perjured Testimony**

Further rubber-stamping the Justice Department prosecutor’s fraudulent charges, Judge Ungaro-Benages held that Matthews had made more than $169 million profit on the 50 flights—made by Escobar’s aide—Jimmy Ellard, and Emmons. The judge used figures based on Ellard’s perjured testimony. If any profit were made, they would be made by Ellard, his partner, Pablo Escobar, and Emmons. And much of this profit would shortly be made available to Ellard as the DOJ prosecutor moved to have Ellard released, placed in the witness protection program, and allowed to keep millions of otherwise forfeitable assets.

**Explaining the $169.2 Million Profit**

Matthews explained how the DOJ prosecutor made the profit argument to the jury:

> There was no evidence whatsoever that I made $169.2 million profit. Even Ellard claimed he only made $20 million. The $169.2 million was based solely on prosecutor Thompson’s arithmetic that 50 loads (flown by Ellard’s pilots) equaled $500 million in profit and my profit out of that was $169.2 million. That was the craziest thing I’ve ever seen in a U.S. court. The government charged me with Ellard and Escobar’s drug flights.

My indictment included a long list of expensive racehorses and other properties I have never ever heard of. All of Ellard’s planes and everybody else’s planes were listed on my indictment. I had put away less than one million for emergencies, which the attorneys took in short order. I worked in Unicor prison Industries for over two years making about 75 cents an hour trying to help with expenses while the government was charging me with making a profit of $169.2 million. This is strictly tooth-fairy tales and the judge knew it was a sham to whitewash the first sham conviction.

In addition, Customs personnel seized Matthews’ Fort Lauderdale residence that had been in the family name for years, and the family heirlooms that had
no relationship to any possible drug offense. After seizing the home, Miami Customs agents used it for their personal residence, destroying the family heirlooms that had been in the family for centuries.

**Government’s Refusal to Pay Its Debts to Matthews**

Matthews was arrested in June 1992, at which time the government owed him $240,000 for the last five flights that he had flown. Four of these flights were simply providing transportation, hauling drugs from Colombia to destinations in the United States at the direction of Customs and DEA agents. The other flight was flying two fugitive drug traffickers to the United States. The government never denied owing him the money; they simply refused to pay. During Matthews’ trial, government agents testified that the government owed him the money. But to now pay would undermine the prosecutor’s charge that Matthews had no authority to work for the government. It would also reveal the shipment of drugs ordered by government agents.

**Going after Government Agents who Testified Truthfully**

Justice Department’s prosecutors retaliated against many of the people who testified for Matthews, including DEA agents Jerry Garner, J.D. Morman, and Mike McDaniels; Customs agents Tony Singleton and John Farley, and Texas DPS agent Robert Nestoroff. The Justice Department went after a businessman and friend of Matthews who testified at the trial, Tony Dinorcia. As a result of the government’s retaliation, Dinorcia lost his business, Marble Edge, a factory and installation business that employed about 75 people in Palm Beach, Florida.

**Seeking to Bring About Matthews’ Death in Prison**

Justice Department personnel didn’t give up on Matthews after bringing about his life-in-prison sentence. With control of the federal prisons, they could inflict further harm upon him. Many murders occur in prisons that often eliminate inmates who have highly sensitive information against government officials.

In late 1993, Justice Department personnel transferred Matthews from the Metropolitan Correctional Center in Miami to the North Dade Detention Center, placing Matthews in a small 18-man cellblock for about three weeks with a witness who would be testifying against Matthews, Frank McGuire. This could be expected to result in a violent and possible fatal confrontation. When this failed to produce a confrontation, Matthews was placed for several weeks in a cellblock with a Cuban national, Carlos Duque, and eight of his Cuban friends. Matthews’ previous testimony resulted in Duque receiving a 40-year prison sentence. This was a volatile and life-and-death situation that resulted in Matthews receiving several serious beatings.

**Request That Court Punish AUSA Thompson**

After Matthews was sentenced, former AUSA Peter Aiken filed an 18-page motion with U.S. District Judge Jose Gonzalez, requesting that AUSA Terrence Thompson be punished for withholding key data from the defense. Aiken referred to two tape recordings sent from a Texas prison by Jimmy Ellard to his wife, advising her that AUSA Thompson agreed to reward Ellard for testifying the way the prosecutor wanted him to testify. Also, that Ellard’s wife would not be prosecuted, that Ellard’s prison sentence would be immediately reduced, that
he would be released after a brief period, that he would be placed in the witness protection program, and he would be allowed to keep his drug-acquired assets. This was a clear case of purchased testimony, barred by statute.

**DOJ Paying Ellard $2000 While in Prison**

Aiken discovered these tapes during the final stages of another and subsequent trial in which he defended a Fort Lauderdale aircraft broker, William Safarie, who was acquitted on December 8, 1994. Aiken learned that the DEA gave Ellard $2,000 while Ellard was in prison, and that government agents had evidence showing Ellard’s wife to be actively involved in money laundering. Under federal rules, such exculpatory evidence must be turned over to the defense before the start of the trial. It had been known for years that prosecutors routinely violate this rule, allowing thousands of defendants to receive long prison terms, while the prosecutor escapes any consequences for his or her corrupt actions.

**Justice Department Payoff to Terrorist and Escobar Associate**

Waiting several months after the Matthews trial ended, AUSA Terrence Thompson quietly filed a motion with Judge William Zloch to carry out his end of the deal: release Ellard from prison and into the general population. Ellard’s past was not unknown to the judge.

**Objection Letter from Former U.S. Attorney Protesting Release of Airplane Bomber and Major Drug Trafficker**

In response to the Justice Department’s motion to release Ellard from prison, attorney Peter Aiken wrote to Judge Zloch stating that the purpose of the letter was to “bring to your attention certain facts and circumstances surrounding a defendant who has a pending motion for a sentence reduction before you.” Aiken wrote,

> As a former agent, former Assistant United States Attorney, member of the Bar and citizen of this country, I was shocked at what I perceived to be the unconscionable deal given to Jimmy Norjay Ellard by Assistant United States Attorney Terry Thompson.

> In the Safarie case, Ellard admitted to importing into the United States of America in excess of $1 billion in cocaine. He admitted to being a former law enforcement officer, who as a fugitive on drug charges, imported into this country in excess of fifty thousand kilograms of cocaine. He admitted to being Pablo Escobar’s partner, and further, admitted being the only gringo who could sit with all four Colombian cartels. He admitted to meeting with Pablo Escobar and providing Pablo Escobar with technical expertise as to how to construct bombs with plastic explosives and radio activated detonators for the purpose of blowing up airplanes.

> It is true that he testified that it was his understanding that the bombs would only be used to kill their own drug pilots, if it appeared apprehension was imminent. However, Pablo Escobar then used Jimmy Ellard’s plans to bomb the Avianca Airline and kill in excess of one hundred ten people. Jimmy Ellard testified that he was present with Pablo Escobar when they passed around photographs of three informants who had been skinned alive.

> Jimmy Ellard testified that he was aware that his partner, Pablo
Escobar, had assassinated the vice-presidential candidate of the country of Colombia. What was even more shocking was the fact that Jimmy Ellard admitted and testified in my trial that he was in the process of setting up a cocaine network to infiltrate the Communist world with cocaine, with Pablo Escobar as his partner.

I was further distressed to learn that when Pablo Escobar declared war on the people of Colombia, it was Jimmy Ellard who made a phone call to arrange for the purchase of Stinger missiles and guns for Pablo Escobar.... As Judge Ungaro-Benages said in her comments, there can’t possibly be a more evil man than Jimmy Norjay Ellard.

Jimmy Norjay Ellard has in fact already beaten the system. He testified in the proceeding in front of Judge Gonzalez that as a former law enforcement officer, he knew how to plea bargain and that it was “the American Way.” He testified in my trial that he knew at the time he made the decision to become a smuggler that if he was apprehended, he would be able to trade that information for light treatment. He has in fact successfully used his knowledge as a law enforcement officer to substantially beat the system.

In this transcript, he describes and predicts how he is going to manipulate the government. I learned of this transcript, not as a result of its voluntary production by Mr. Thompson, but as a result of successfully prevailing on a motion to compel favorable evidence. I urge the court to read this transcript because it will provide to the court a very clear picture of one of the most evil, manipulative, vile defendants to ever appear before a court.

I recognize that Mr. Terry Thompson has filed a motion to further reduce Mr. Ellard’s sentence. I urge this court not to do so.... If there were true justice, Jimmy Norjay Ellard would be extradited by the country of Colombia, prosecuted there, and shot before a firing squad. He is responsible for the deaths of one hundred ten human beings. He is responsible for $1 billion in drugs within this country. The fifteen-year sentence meted out by this court is a fraction of what he truly deserves.... In these times, where street-level drug dealers routinely receive fifteen and twenty-year sentences for two or three ounces of crack cocaine, it is an absolute miscarriage of justice to let someone like Jimmy Norjay Ellard escape with a similar sentence.

Aiken brought out the fact that the Justice Department had allowed Ellard to keep most of his many millions of dollars of drug-related assets.

**DOJ Benevolence for Terrorist, Airliner Bombing, And Drug Kingpin—not Available to Individual Americans**

Judge Zloch released Ellard, despite Ellard’s threat to the public as shown by his prior murderous conduct. Possibly the thousands of people whose husbands, wives, mothers, sons, or daughters are in prison with long sentences for minor drug offenses—anything is minor compared to Ellard—deserve to have similar benevolence given in their cases!

Aviation terrorism was obviously not a target for the Justice Department gang, as shown by the Justice Department’s protection of Ellard, the felony re-
taliation of a government agent going after the New Jersey terrorist cells funded in part by drug activities, and the many other corrupt Justice Department acts detailed and documented in my three books. Is it any wonder that aviation terrorism and other major crimes can occur!

**Ellard Again Arrested for Drug Smuggling Offenses, And Again Protected by Department of Justice Attorneys**

Ellard voluntarily entered the federal witness protection program, which enabled him to return to smuggling drugs into the United States, as the Justice Department group surely recognized. And as expected, he returned to his drug smuggling activities. He was arrested in September 1998 by federal authorities in New York.

Despite his arrest on charges of bringing large quantities of drugs into the United States, DOJ personnel arranged for his release. Pittsburgh Post-Gazette investigative journalist Bill Moushey wrote to Matthews on March 23, 1999, explaining what he heard about Ellard:

_I have just heard that charges were dropped against Jimmy Ellard because he produced taped recordings that contradicted the New York feds who said Ellard had no authority to do the [drug] deal in question. I understand that he got into the deal because the feds were going to allow him to make $40 million from a large cocaine deal._

**Ellard and Escobar Cartel Protected by the CIA**

Repeatedly, the large drug traffickers, those reportedly tied in with CIA drug trafficking, either don’t get charged, go free, receive light sentences, or are released from prison with no publicity. If the information that I have received from my CIA and other deep-cover contacts for the past ten-plus years is correct, that the CIA has close ties with some of the drug cartels, it would explain why Escobar and Ellard were protected by DOJ personnel. It would also explain why Matthews might have been targeted because he threatened to inflict serious damage upon the CIA-connected drug organizations.

**DOJ Again Protecting the CIA-Drug Cartel Coalition**

When this conduct is compared to the many reports that I have received over the years from CIA and other insiders who reported CIA drug trafficking with drug cartels and organized crime, the most logical conclusion is that the Escobar cartel was supplying drugs to the CIA and Matthews was interfering with this arrangement.

**Matthews’ Appellate Remedies Sabotaged**

Under law, Matthews had various legal remedies available to overturn the injustices inflicted upon him by Justice Department attorneys, the judge, and even the jury. Matthews’ appeal (Appeal case 94-4480) was heard in Miami by three judges in the Eleventh Circuit Court of Appeals. The court granted Matthews’ attorneys the right to present oral argument, but retracted this authority after the government packed the courtroom with government officials. The three judges were intimidated by the large block of government personnel in the courtroom. Instead of correcting the violations of Matthews’ civil and constitutionally-protected rights, the three-judge panel denied the appeal.

**Matthews’ Attorney Scared by the Block of Government Officials**

Matthews explained how scared his appellate attorney was during the ap-
peal appearance:

Customs officials packed the Miami courtroom for the appeals hearing, attempting to give the appearance they were there in the interest of justice while they were actually there in the interest of a high-level cover-up. The corrupt officials were effective, for the appeal court judges declined to hear oral arguments they had previously scheduled. [That is the reason for calendaring a hearing in a court of appeals: present oral arguments. The written briefs have been filed prior to that time.]

My appeals attorney, Thomas Dawson, was still shaking at our meeting the next day from the subtle but effective intimidation. Dawson said he felt fortunate he made it out of the courtroom and out of Miami without incident or accident. Dawson was thoroughly shaken. He never filed another motion in my case even though he was paid and I had requested he appeal to the Supreme Court [Petition for writ of certiorari].

Prosecuting Government Agents Who Gave Truthful Testimony

In October 1994, after Nestoroff and Cardwell gave favorable testimony in Matthews’ trial, Justice Department prosecutors obtained indictments from a grand jury against them. The Department of Justice charged them with conspiring to help Matthews evade arrest, to avoid drug charges, giving perjured testimony during Matthews’ trial, and giving Matthews AWACS schedules—all based upon the statements of their star witness—Ellard!

The same Justice Department employees who had just used government power to pay for suborned and perjured testimony from a major drug trafficker were now charging government agents with perjury and obstruction of justice for testifying truthfully!

Government Agents Fearful of Giving Honest Testimony

During Matthews’ trial, F. Lee Bailey said to Matthews, “Both men expressed fear of retaliation for testifying against the government. Mr. Nestoroff was very much concerned that there would be retribution. He was afraid if he testified truthfully he’d be indicted.”

DOJ’s prosecutor Thompson filed charges in Miami against Nestoroff and Cardwell, where he had more control over the grand jury and the prosecution process. But defense attorneys for Nestoroff and Cardwell moved to have the case transferred to Houston, which was then ordered by Judge Jose A. Gonzalez.

In another abuse-of-power retaliation, Thompson threatened former state prosecutor Ralph Gonzalez who had testified favorably for Matthews, on the basis of Gonzalez’s handling of a government-sanctioned marijuana case in Richmond, Texas.

Threatening or Retaliating Against a Witness Is a Federal Crime

It is a federal crime to threaten a witness or to retaliate against a witness for having given testimony. \(^{35}\) But who is there to prosecute the Justice Department

\(^{35}\) Title 18 U.S.C. ’ 1512. Tampering with a witness, victim, or an informant — (b) Whoever knowingly uses intimidation or physical force, or threatens another person, or attempts to do so, or engages in misleading conduct toward another person, with intent to — (1) influence, delay or prevent the testimony of any person in an official
employees perpetrating this offense when the same government employees are authorized to initiate such prosecution?

**Finally, Street-Smart Texas Jurors**

The Justice Department prosecution of Nestoroff and Cardwell occurred in Texas, and the jurors were not rubber-stamping the prosecutor’s charges. The jurors in the Nestoroff-Cardwell trial took less than two hours to find Nestoroff and Cardwell not guilty of the charges. One of them, Howard Weaver, said afterwards, “Frankly, we pretty much thought this case was a joke. This case should never have been brought to trial. We all thought the prosecutor appeared to have a vendetta against the two.” The jurors felt that the charges against Nestoroff and Cardwell were retaliation for testifying in defense of Matthews in the Florida trial. The Texas media gave a great deal of publicity to the charges against Nestoroff and Cardwell. A *Dallas Morning News* article stated in part,

Supporters say [that Nestoroff and Cardwell] are victims of a vindictive U.S. prosecutor who obtained conspiracy indictments against them in the wake of a state-federal drug investigation turned sour. As described in interviews with attorneys and state and federal drug agents, the charges against the two lawmen grew out of a multi-agency drug sting in Texas marked by miscommunication and foul-ups.

Customs officials refused to discuss the case against Agent Cardwell, but DPS Director Col. James Wilson said Sgt. Nestoroff is a scapegoat whose reputation in a distinguished career, has been trashed. At the heart of the issue, DPS official say, was testimony in Miami by the two lawmen at the 1993 federal trial of Texas drug pilot Rodney Matthews, who was convicted and sentenced to life imprisonment. Those statements angered the prosecution and led to the indictments, the DPS officials say. Col. Wilson said, Bob (Nestoroff) went in and told the truth, and there’s clear indications it angered the prosecutor. The prosecutor has certainly implied we were obstructing his efforts. And that is a blatant lie.

So convinced were Texas officials of Nestoroff’s innocence that they kept him on the payroll during the charges and the trial.

**Personal Tragedies Narrowly Averted**

Nestoroff and Cardwell could be locked in prison today, with a life-imprisonment sentence, if those jurors had been the typical naive, illiterate about government misconduct, rubber-stamp jurors that are responsible for destroying the lives of so many innocent people. That’s how close these two agents came for having the backbone and character to testify honesty. This is a rare commodity in today’s government and society. Another plus that saved them was the court-

Title 18 U.S.C. § 1513. Retaliating against a witness, victim, or an informant. (a) Whoever knowingly engages in any conduct and thereby causes bodily injury to another person or damages the tangible property of another person, or threatens to do so, with intent to retaliate against any person for — (1) the attendance of a witness or party at an official proceeding, or any testimony given or any record, document, or other object produced by a witness in an official proceeding; or (2) any information relating to the commission or possible commission of a Federal offense...
age of some Texas papers that printed the truth rather than the usual cover-up and protection of government corruption.

**Media Coverage Favorable to Defendants**

A *Dallas Morning News* article on January 29, 1995, stated:

*The Feds said to Matthews: “Do whatever you need to do.” The phrase ‘carte blanche’ was used time and again. According to a DPS official who was briefed on the meeting, “As state officers, we can’t authorize breaking the law to make a case. The feds, however, can. Justice Department officials confirmed that federal law, under strict limits, allows undercover operatives to set up drug deliveries to help make cases.”*

DPS and federal agents familiar with the task force investigation, who spoke on condition of anonymity, outlined the following scenario: *On Christmas Eve 1988, Mr. Matthews phoned Sgt. Nestoroff, telling him, “It’s gonna be a white Christmas,” that is, he would fly in a load of cocaine the next day. Sgt. Nestoroff alerted a Customs supervisor and was told the information would be passed on. Mr. Matthews landed in Florida on Christmas Day with 1,400 pounds of cocaine.*

Instead of following orders to notify authorities immediately, he loaded the cocaine onto a truck and drove to California. DPS, officials said. *There, DEA agents, unaware of the Texas-based investigation, seized the drugs. The charges were dropped after task force officials intervened. The resulting DEA protests created bad feelings within the task force agencies, a DPS agent close to the task force said. “Suddenly, it became clear that Customs didn’t have it together on this investigation,” he said.*

Mr. Matthews resumed his undercover role. *A few days later, he phoned Sgt. Nestoroff that he’d bring in another drug flight New Year’s day. Sgt. Nestoroff passed the word to Customs officials, who again said they would pass on the information.*

Apparently, not everyone got the message. *Mr. Matthews plane was targeted by Customs radar as a possible smuggler as he flew into Florida from Colombia. Mr. Matthews, with radar-detection equipment aboard, changed course for Texas. Landing at his private strip in Fort Bend County, he unloaded the cocaine onto a truck, DPS officials said. Meanwhile, Customs officers in Houston, apparently unaware that the flight might be government-sanctioned, surrounded the landing field. Agent Cardwell was part of that team.*

When officers stopped Mr. Matthews as he drove away, he told them he worked for the government and asked them to phone Sgt. Nestoroff. *Sgt. Nestoroff told authorities to contact the Justice Department officials heading the task force, DPS officials said. Again, no charges were filed. The relationship between DPS narcotics and Customs had now become strained.*

“This whole thing was instigated by the federal government. But when it blew up, they blamed everyone else,” a longtime DPS agent said. “Later, there were some backdoor apologies. But nothing official.”

*Sgt Nestoroff’s supervisors advised him to tape any phone calls from federal authorities about the Matthews case. “We were learning the hard way that we had to watch our backs all the time,” the longtime DPS agent*
said.

**Customs Retaliated Against Cardwell for Truthful Testimony**

Houston attorney Mike Ramsey, defending Cardwell, said his client had received no official support from U.S. Customs but was supported by state and federal drug agents across the state. “Here’s a guy with a good reputation, a background free of taint. A lot of folks in Customs and other agencies are ready to testify for him. They feel the government’s gone after a good guy for no reason.” Internal pressures finally forced Cardwell to leave government service.

In a July 8, 1996, letter to attorney Daniel Cogdell of Houston, Matthews explained Jimmy Ellard’s involvement with placing bombs on airliners and other airplanes:

Jimmy Ellard attempted to contact me to activate a remote controlled explosive device that would be concealed on Ellard’s own drug planes in the event they were interdicted and followed while approaching the U.S. Ellard suggested I activate the bomb from an observation plane. Ellard’s plan was to kill the drug pilots he had hired before they were captured by U.S. authorities, to prevent them from identifying him. Ellard may be hesitant to deny this on the stand, having since learned of my collection of tape recordings.

Mr. Ellard solicited Mr. Escobar’s help in accomplishing this murderous plot while at the same time attempting to gain Escobar’s confidence by a demonstration of evil deeds, comparable to Escobar’s. Mr. Escobar embraced Ellard’s idea on the surface and used a modified version of Ellard’s plan to bomb the Avianca airliner, killing persons that threatened his security.

Escobar’s concern was losing a load of cocaine and his own security; he had no concern that Ellard might be exposed or that he himself would be exposed as a drug trafficker, which was already a well-known fact. Without Ellard’s knowledge, Escobar sent two of his sicarios to see me in Florida. They relayed Escobar’s modified plan to shoot down the U.S. interdiction plane instead of the drug plane. His plan was to shoot down the interdiction plane from a specified point on the ground with rifle fire. After reaching the U.S. coastline the interdiction plane would be following close behind the drug plane, also at low altitude.

In successfully neutralizing Ellard’s murderous plot to kill his own drug pilots, and Escobar’s modification of the plan to shoot down the interdiction plane, I explained the following logistics to Escobar’s sicarios: The chase plane will sometimes be at a higher altitude, or maybe there will be more than one chase plane, one at a much higher altitude and it would be impossible to bring it down with rifle fire from the ground. I convinced them the only sure way the U.S. Customs chase plane could be brought down was with a faster jet fighter type plane equipped with at minimum, 50 caliber machine guns.

Escobar’s men believed I was furnishing AWACS schedules that facilitated many of their drug flights. They had been fortified with cash and were under instructions from Escobar to give me anything I needed in assistance. To console Escobar and his men, I agreed to purchase a surplus
military jet fighter and reinstall the 50 caliber machine guns, all at their expense. This is where the HA-200 surplus military jet fighter/trainer came into the picture. It was agreed that Ellard would not be told of the plan. Apparently Escobar did not want Ellard to know his people were in contact with me.

There was never any real intention on my part to reinstall the 50 calibers. I knew I could delay the proposed machine gun installation for a year or two or until the objectives were accomplished. Escobar’s men gave me the money to purchase and refurbish the HA-200. After the purchase, I showed them the machine gun ports and the lead weights in the nose compartment that kept the plane in balance while the machine guns were removed.

The main point of all this goes to the credibility of government witness Jimmy Ellard. While it may be true that Ellard did not intend to kill those particular people on that Avianca Airlines flight, he intended to kill other people on other airplanes to save his own hide. Had I not neutralized both those plans, at the risk of being prosecuted, Nash and McGuire and a few U.S. Customs pilots would be in the beyond with the Avianca passengers on that ill-fated flight.

That same letter referred to Matthews’ attempt to placate Escobar a year later when questioned about why the machine guns had not been installed. After about a year, Escobar’s henchmen surprised me at my Ft. Lauderdale hangar, wanting to see the 50 calibers, while brandishing their own machine pistols. They insisted on meeting the aircraft mechanic who was to be paid $200 thousand for installing the 50 caliber machine guns. To make the ruse work and in an effort to satisfy Escobar’s men, I drove them to Ft. Lauderdale Executive Jet Service, at that time called Don Haines Aviation. It was located on the opposite side of the airport and had performed most of the maintenance on the HA-200. I explained I would have to take the money in and pay the mechanic as he refused to make the deal known to anyone else if he was to do the work. [Don Haynes Aviation was later renamed F.X.E. Jet Center when Dan E. Karns took over from Don Haines]

Escobar’s men waited and watched while parked outside in front of the office as I carried their $200 thousand in to pay the mechanic. I was on the spot in reference to what to do with the $200 thousand. The owners, Don Haynes and Dan E. Karns, had previously complained to me about financial problems related to the IRS locking their doors.

This was a perfect opportunity to offer them assistance in the form of a cash loan. They gladly accepted the loan, and it was put on their company books and my company books as a consulting fee to be paid back to Rod Aero Aircraft Brokerage in installments to be worked out with my accountant, Ronald Briggs and his CPA accounting firm. Should Mr. Briggs testify again, he would surely testify truthfully to this, as he was unaware of any wrongdoing. However, he was aware that Rod Aero and myself provided covert type flying services for the U.S. government and were paid in the form of cash, checks, and airplanes.

The letter went into how Matthews discovered Ellard’s role in the bombing of
Sabotaging Government Contract Pilot

I did not learn of Escobar’s and Ellard’s involvement in the Avianca flight bombing until Ellard bragged to me that “We took out some snitches on that Avianca flight; we snuffed the son-of-a-bitches,” referring to himself and his alleged partner Pablo Escobar. In talking about it, Ellard swelled with pride. I asked Ellard if he knew how many of the people on board were targets. He answered evasively, saying, “We got all of them.” Ellard went into detail about the explosion and the mangled bodies strewn all over the place, while bursting into an excited hideous laughter.

No End to Misuse of Federal Power by DOJ Employees

To insure that Matthews’ life was as miserable as possible, AUSA Terrence Thompson told the prison that Matthews was an extreme escape risk, and that he was planning to escape using hostages. Matthews wrote, “I suppose the objective is to keep the pressure up on me, it just seems kind of absurd since I was never in prison before, much less attempted escape.” Matthews, a non-violent person, would be one of the least likely inmates that would try something as foolish as escaping from the maximum-security prison at Leavenworth.

Tactics to Keep the Media from Matthews

Not content with having destroyed Matthews’ family and with sentencing him to life in prison, Justice Department attorneys, through their prison administrators, put Matthews into solitary confinement on April 30, 1998. A little-known fact of prison life is that many prisoners commit suicide in solitary confinement. Another in the bag of tricks used by Justice Department lawyers is to place a deranged prisoner—one who may have already murdered—in with a prisoner they wish to target.

This transfer into solitary confinement followed the threat by Assistant Executive Warden Bob Bennett that if Matthews went ahead with an ABC Television Primetime interview, he would end up in the “hole,” and that is what happened. Prison authorities tried to justify their actions on the position that Matthews’ sister, Wanda, reimbursed someone outside the prison $25 for the stamps they used on behalf of Matthews.

Still not satisfied with what they did to Matthews, the DOJ prison officials transferred Matthews in November 1998 to worse conditions. They placed him in a cage-like environment which the prisoners call the “Dog House,” where he remained confined 24 hours a day in a small cell, in a 100-year-old building with inadequate heating in the winter, and inadequate cooling in the summer.

America’s Devil Island

Matthews wrote about his living conditions:

They finally moved me to the infamous Dog House, a 100-year-old disciplinary unit without adequate heating or cooling. Windows are broken out and birds fly in and out at will. Two men are stuffed into a 4 2 x 9’ cell locked-down 24 hours a day without enough room to walk. Prisoners are not usually provided warm clothing; consequently you must stay under the covers in the bunk to keep from freezing.

The tiny open bar-faced cells are stacked five levels high with surrounding catwalks. The noise is deafening at times, especially when prisoners on a regular basis mimic the living conditions by barking and howl-
ing like dogs. Thus the name “Dog House.”

This place is seldom without the screaming and murmurings of the paranoid schizophrenics who are housed here. Violent or tough guys are broken easily and quickly by four-pointing them until they become submissive (i.e. strapping them to a concrete bunk at all four limbs). After a few days of urinating and defecating on themselves and eating like a dog on its back, they quickly realize it’s not at all like the movies.

To break the more sophisticated, they are placed in special cells that aren’t talked about, with the small window painted over, little or no ventilation, poor heating or cooling. They will then deliberately place one certified-nut after the other in your cell, the worst psychotics they can muster, guilty of the most heinous murders you can imagine.

Matthews’ January 1, 1999 letter stated:

*It is below freezing in my cell here in Dog House unit and I have no warm clothes. This makes it difficult to write as my fingers become stiff from the cold. I must get back under the covers to warm up. The ice forming on the toilet water is my thermometer.*

On January 5, 1999, I wrote a letter to Warden J.W. Booker demanding to know why he had put Matthews into this crowded cage-like unit. He replied with a letter for me to get Washington authorization to allow prison officials to release information to me. It was a typical bureaucratic run-around.

I contacted *Primetime* producer Jude Dratt concerning the inhumane and retaliatory treatment Matthews received as a result of granting the ABC show an interview. She said prison authorities gave her the run-around also. I was disappointed that *Primetime* could not have aired a show dealing with retaliation against people who expose government corruption.

**Customs Agent Reveals Customs Cover-ups and Lying**

The ABC documentary aired on July 8, 1998, toned down the gravity of government misconduct, but was still strong when compared with the usual cover-up by the mainstream media. Mark Conrad, a Customs veteran and chief of Customs Internal Affairs division in Houston, appeared on the show and showed extraordinary courage. Conrad said on the ABC News documentary, “It is a cover-up that continues today.”

**Asked by DOJ to Commit Perjury**

Conrad retired in December 1998, and in a January 1999 letter to me he provided further information about the problems in Customs and the Justice Department. He stated very strongly he did not trust AUSA Terry Thompson. Another former AUSA I talked to, Ronald Tonkin, had even stronger words for Terrence Thompson.

**Prosecutor Asking Government Official to Commit Perjury**

Conrad said he was “asked to lie by the DOJ prosecutor during a court trial in Fort Lauderdale, to ignore blatantly false representations to a federal judge in San Diego, to lie in an internal investigation.” This is the type of conduct that sends people like Matthews to prison with a life-in-prison sentence.

**Criminal Charges Against Former AUSA Rozan**

In 1994, the U.S. attorney in Montana filed criminal charges against former Assistant U.S. Attorney Steven Rozan, charging him with mail fraud and
money laundering. These charges related to the Montana ranch that was placed in his control by Matthews, and which Rozan conveyed to his law partner, as if it was his own. (District of Montana, Missoula Division CR-95-30-M-CCL-01; CR-94-39-M-CCL-01) Because of Matthews’ peripheral involvement with Rozan, Matthews was called to testify against him. Tape-recorded evidence that was subpoenaed in Miami was used in the Montana prosecution.

**One Justice Department Attorney Protecting Another**

For various complex reasons, U.S. Attorney Terrence Thompson came to Rozan’s rescue, producing a bogus document to undermine the Montana prosecutor’s charges against Rozan. Rozan had previously cooperated with Thompson in withholding evidence in the Matthews‘ trial and now Thompson, in exchange, returned the debt to Rozan by giving false testimony and producing a forged document into the Montana trial that undermined the prosecutor’s case.

During one of several meetings in 1993 and 1994, before his transfer to Leavenworth and while Matthews was in prison at Allenwood, Pennsylvania, Customs agent David Smith from the Great Falls, Montana office, and AUSA Jim Seycora from the Helena, Montana office, visited Matthews in prison. The purpose of the visit was purportedly seeking information for their prosecution of Rozan and his law partner Sid Berger.

During these conversations, Seycora and Smith brought up the subject of Nestoroff and Cardwell, which was rather strange since they had no role in the Montana case. Matthews responded that Nestoroff and Cardwell were being falsely accused by DOJ prosecutor Terence Thompson and that they were innocent of the charges that Matthews paid them $5 million for AWACS schedules.

A significant part of the Montana prosecutor’s case against Rozan relied upon Matthews telling the truth. During Rozan’s trial, Thompson testified in Rozan’s defense and produced an unsigned memorandum allegedly prepared by Customs agent Smith which said that Matthews told Smith that he had paid Customs agent Richard Cardwell $5 million for AWACS schedules and bribes to Nestoroff. That statement was untrue, and Matthews had stated the very opposite to Smith. That unsigned document was provided to Rozan’s defense attorneys by AUSA Thompson, who then used it to undermine Matthews’ credibility.

**DOJ Power to Suborn Perjured Testimony and Forged Documents**

Although Seycora had initiated the prosecution of Rozan and Berger before Thompson got into the picture, he was nowhere to be seen during the trial. He avoided showing his face in a prosecution initiated by his office that the DOJ was now trying to undermine. The highly sensitive trial was conducted by a young assistant, AUSA Chris McLean, probably because Justice Department officials in Washington wanted the prosecution halted.

**Customs Agent Smith’s Evasive Answer**

During recess, after the unsigned document was presented by Rozan’s defense attorney, Smith and AUSA McLean came to Matthews in his holding cell (during the trial), during which time Smith stated the document “was a misstatement.” He later told Matthews’ brother, Lester, in Texas, that Matthews “did not make that statement.”
Customs Agent Smith’s Peculiar Response

In December 1998, I sent a letter to Smith in Montana, who was then retired from government service. I requested that he tell me whether he actually prepared and signed that document and whether it reflected what Matthews had actually said to him. Smith answered through a Great Falls, Montana law firm:

*Mr. Smith denies any wrongdoing regarding the Rozan and Berger prosecution. He had no control over what a defense attorney did with Jencks Act material.*

The problem with that non-responsive reply was that Smith did not confirm or deny that he prepared and signed the false document. If he *had* prepared it, there would be no reason to deny it. If he had *not* prepared it, it would be understandable, despite its cowardice, not to be responsive. By the wording of that response, a person could deduce that Smith was saying he was not responsible for what was said in that memorandum that was used to sabotage the Montana prosecutor’s case. A person could argue that Smith aided and abetted the presentation of a false or forged document to a federal court, and aided and abetted obstruction of justice. These are federal crimes.

Matthews feels that the unsigned Smith document was falsified and presented to the grand jury in the Nestoroff -Cardwell prosecution by AUSA Thompson, and then used to exonerate former AUSA Rozan in the Montana trial. Matthews believes that the Seycora-Smith visit to his prison cell was intended to provide the basis for the falsified Smith memorandum to placate Thompson, which backfired on the Montana prosecutor.

**Same DOJ Tactics Used to Silence other Whistleblowers**

In my many years of investigative experience and contacts with dozens of government personnel and government whistleblowers, I find that the tactics used against them by Justice Department personnel and by federal judges are similar. False charges, prosecutor lying, judges who subvert defendants’ rights, and jurors who are too dumb to learn the facts of life, and potential jurors with any experience or intelligence are dismissed during the jury “selection” process.

**Media Exposure of DOJ Human Rights Violations**

The *Pittsburgh Post Gazette* published a series of ten highly detailed articles in November and December 1998 that followed two years of investigations, giving dozens of examples of people whose lives were destroyed by the corrupt actions of Justice Department prosecutors. The articles went into great detail showing how Congress and federal judges have given prosecutors more power, and more immunity, to where virtually any form of prosecutorial fraud is perpetrated with immunity to the perpetrator, while the defendant victims suffer agonizing personal and financial disasters. These articles are described in the chapter devoted to Justice Department misconduct.

**Major Threat to the People of the United States**

What has been done to the Matthews family has been done to thousands of others who were innocent. Little does the public realize the major threat and the harm being inflicted upon families throughout America by the personnel in the U.S. Department of Justice.
As this book is written, Matthews has been in prison for seven years. His family is destroyed. His wife and seven-year-old son fled to Latin America to escape Justice Department retaliation. Major drug traffickers who had shipped tons of cocaine into the United States were released from prison for providing perjured testimony against Matthews.

**Motion for a New Trial**

In 1998, Matthews’ Boulder, Colorado, attorney, Clifford Barnard, filed a motion for a new trial based upon discovery of an 18-page document prepared by U.S. Customs in San Antonio on February 15, 1989. This document directly concerned Matthews and could have been used in his defense to demonstrate a cover-up, but DOJ prosecutors had not made it available for Matthews’ defense, as required by law. That document surfaced during another trial several years after the Matthews trial. By omitting key facts, the document came to a false conclusion.

Based upon that document, Barnard filed a motion for a new trial, raising several arguments, including:

- Customs agents and supervisors who testified at Matthews’ trial for the prosecutor had covered up for the authority that they had given Matthews to fly the holiday drug loads.
- The falsified document came to a false conclusion by omitting from it the authority given to Matthews to fly the drug loads and the immunity for earlier drug loads not authorized by government agents, reflecting a pattern of lying. Under federal law, omitting key information from a document that changes the conclusion constitutes fraud.
- That Customs agents and supervisors lied during Matthews’ trial to support the conclusion reached in that document.
- The falsified document’s conclusion showed a proclivity to lying, including during trial.
- The memorandum was itself evidence of a Customs cover-up of the authority that Customs and the Department of Justice had given to Matthews.

**Withholding from Matthews' Defense Evidence Included in 1553-page House Report on Customs Mismanagement and Corruption**

As I accumulate evidence for the preparation of my various books, I feel he has several other strong issues to justify vacating the sentence. Another document withheld from Matthews was the evidence included in the 1553-page House report that revealed an epidemic pattern of mismanagement and various forms of corruption in the southwest region of U.S. Customs, as detailed elsewhere within these pages in the section specifically dealing with U.S. Customs.

**Seeking to File an Amicus Curiae Brief on Matthews' Behalf**

On February 12, 1999, I submitted a motion to the court requesting approval to file an amicus curiae brief and affidavit that addressed other issues not addressed by the trial court or the appellate court, and not known to Matthews’ present attorney. In the motion, I stated that I was a former federal investigator, the head of a coalition of several dozen present and former government agents and whistleblowers, and had accumulated considerable evidence that would show Matthews to be innocent of the charges. I stated that I wanted to include an affidavit that would prove Matthews’ innocence. Further, I stated that I would be presenting information on federal crimes perpetrated by
that I would be presenting information on federal crimes perpetrated by federal personnel and that the report would meet the mandatory requirements of Title 18 USC § 4, which required anyone knowing of a federal crime to report it to a federal judge (or other federal officer).

Judge Ursula Ungaro-Benages responded on April 15, 1999: “Ordered and adjudged that Rodney Stich’s motion/request to file Amicus Brief and Affidavit is denied.” That denial not only prevented information from being inserted into Matthews’ motion, but also blocked my reporting of federal crimes under the federal crimes reporting statute, continuing the years of judicial cover-ups that are documented in my various books.

**Continued DOJ Retaliation**

In one of Matthews’s letters he said:

*I sat through my 1993 trial in bewilderment, wondering how the government could authorize something on one hand and prosecute it with the other hand. I couldn’t believe I could be convicted. It was especially troubling subsequent to the ‘Clean Slate’ meeting in 1990 and in light of all the successful missions I had flown for the government since then.*

*The first few years in prison, every time I heard the phone ring, ‘I would wait with anxious anticipation’ for someone to come to my cell to release me and tell me that it was all a big foul-up that had been cleared up. It took me years in prison to finally figure out that the government knew exactly what they were doing because they have been doing this for more than 30 years to hundreds of pilots.*

**A Mother’s Tearful Request for Help**

Answering my phone on February 23, 1999, a crying mother asked, “What can I do to help my son?” She had called once before asking if it would help if she went to Washington seeking help. I felt that members of Congress would ignore her as being simply another mother seeking help for a son properly convicted and sentenced to the long prison term that they had legislated. I told her that as soon as the manuscript that I was working on was published, estimating manuscript completion in a few months, with the book in hand, she then had something concrete to use to seek help for her son.

**Seeking Help from Israeli Involved in the Iraqi Pilot Defection**

I asked Matthews if, after he was arrested, he contacted Abe, who assisted in the Iraqi pilot defection, in the possibility some help could be coming from that direction. Matthews said, “My ex-wife, Judith, got in touch with Colonel E.G. who had moved up in rank. He told Judith that my prosecution was political and anything the prosecution learned would only be used against me.” I didn’t accept that assessment, but it is obvious that help must come from another source. Possibly this book will help him and many others in somewhat similar positions.

**Matthews Replaced by Another Contract Agent, Who Encountered the Same DOJ and Judicial Sabotage**

After Matthews was arrested, another contract pilot filled in, working for Customs in the same southwest region and in Texas. He suffered a similar fate when he was about to bring about the arrest of major Colombian drug lords and after he discovered other high-level corruption among U.S. personnel. Details
are shown in the next chapter.

**Government Protected Drug Smuggler and Terrorist Again Arrested**

Before we leave this convoluted saga, let’s see how Jimmy Ellard was doing. After the Department of Justice’s persistence resulted in Pablo Escobar’s top aide, Jimmy Ellard, being released from prison, Ellard resumed smuggling drugs for himself, and the government, through DEA agents in the New York area.

This drug trafficking led to the arrest of Ellard and his son William in September 1998 by Florida agents. They were charged with hauling 187 pounds of marijuana. Upon being arrested, Ellard told the Florida agents he was working for DEA agents. This arrest, reported in the media, forced U.S. Attorney Terry Thompson to charge Ellard with a drug-smuggling offense.

**Using the Defense “Government Authority”**

Ellard’s long-time attorney, William Norris of Coral Gables, Florida, raised the defense of “government authority.” A trial date was set to try Ellard on the drug smuggling charge. Shortly before the trial was to start, Ellard’s attorney produced a 21-minute tape of a telephone conversation between Ellard and DEA Special Agent Eldo Rocco, showing DEA involvement in drug smuggling and DEA knowledge of Ellard’s drug activities.

**DOJ Dropping Charges Against Major Drug Trafficker**

Possibly wishing to avoid adverse publicity—including for himself—Department of Justice prosecutor Terrence Thompson dropped charges against Ellard and his son for the drug smuggling charge.

If the charges had not been dropped, Ellard and his son faced over 25 years in prison, and the drug smuggling activities of government agents and agencies would become known to the small segment of the public reading the Miami Herald newspaper. (Despite the gravity of this arrest, no known newspaper or news service outside of the Miami area carried the story, another example of the media’s withholding of the government’s role in drug trafficking.)

**Where Is the Outrage By the Families?**

The thousands of people in prison on minor drug offenses, and their families, should be more than outraged that they have not been given the same “understanding” as the DOJ prosecutor gave to Ellard and his son.

**Judge Zloch Was Not So Benevolent**

Although the Department of Justice dropped charges against Ellard and his son, District Judge William J. Zloch, on April 30, 1999, sentenced Ellard to five years in prison for violating his probation. (The son went free, all charges dropped.) Ellard was still under Judge Zloch’s supervision on the basis of Ellard’s 1990 parole arising out of a cocaine smuggling operation at Fort Lauderdale Executive Airport. Upon hearing of Ellard’s arrest for drug smuggling and subsequent dropping of charges by the Department of Justice, the judge ordered Ellard arrested on the basis of violating parole.

The judge said, “I don’t care if the President of the United States came down from Washington and recruited Mr. Ellard, I want to see any piece of paper signed by this court authorizing him to work under cover for the DEA.” (In 1997, federal prosecutors in New York asked Judge Zloch to transfer Ellard’s probation to New York. Zloch refused the request in a confidential sealed rul-
The judge’s involvement caused a federal investigation to be conducted, which would not have happened otherwise. The judge demanded to know who defied his order that barred the government from using Ellard for smuggling drugs. Ellard told Customs agent Paul Hilson that he was working with the DEA agents on a drug smuggling operation with three major Mexican drug cartels and Mexican politicians, but that at the last minute they were required to run a smaller test run.

**Major Drug Trafficker and Murderer Working for Government**

Ellard started hauling drugs for himself, and also for the DEA. Ellard worked closely with DEA Special Agents Sam Trotman of Camden, New Jersey and Aldo Rocco of New York. These government agents knew, directed, and/or authorized Ellard to smuggle large quantities of drugs into the United States in the 1990s, until the day of Ellard’s arrest. The first reaction of the government and the DEA agents was to deny Ellard was working for them.

**DEA Agent Complaining Of DOJ Prosecutor’s Responsibility for Drugs Entering the United States**

Ellard tape-recorded some of his conversations with DEA agents showing government agents authorizing him to fly drugs into the United States from Mexico and other locations. On the tape, DEA agent Rocco complained to Ellard that U.S. Attorney Thompson was allowing tons of cocaine to enter the United States. (He also made this possible by blocking Matthews’ undercover operation against the Pablo Escobar organization.) In one section of the tape Rocco said:

*It’s criminal. It really is. I mean, Thompson’s no different than a cartel attorney. The bottom line is he’s making it easier for stuff, not only coming to this country, but to get distributed.*

**DEA Agent Knew Ellard was Smuggling Drugs for Himself**

DEA Agent Rocco said to Ellard, “I’m not going to lie to you, if I was in your position, I wouldn’t do it,” referring to his knowing Ellard was smuggling drugs into the United States. Knowing of a felony and not reporting it is a crime, and in this case, the federal agent’s crime is far worse than those of many incarcerated people.

During the 20-minute-long taped telephone conversation, Ellard and the DEA agent discussed the various ways to bring cocaine from Mexico. Ellard described air routes from Mexico through other countries that would disguise Mexico as being the source of the drugs. Jamaica was stated as one of the “friendly” countries to use. In another part of the tape the DEA agent was urging Ellard to consummate a 26,000-pound cocaine deal with Mexican drug traffickers.

**DEA Disguising Employing Major Drug Kingpin and Murderer**

DEA agents sought to disguise employing Ellard, a major drug trafficker and aviation terrorist, and disguise violating Judge Zloch’s order, by registering Ellard’s brother as a confidential informant and using the brother as a conduit to Jimmy Ellard. The recorded telephone conversation showed that this was a ruse and that Ellard was in fact working directly for the DEA agents.
Sabotaging Government Contract Pilot

Using “Stand-In” Common to Evade Lawful Prohibition

It is common for U.S. agents to evade the spirit and the clear intent of U.S. law by using stand-in non-U.S. citizens to conduct undercover operations in foreign countries—when such actions on the part of U.S. agents would be prohibited. It is similar to the long-standing disavow practice by the CIA and other government agencies to deny responsibility for their covert and usually illegal operations.

Avoiding an International Incident with Mexico

It was explained on the tape by Rocco that the Mexican origin of the drugs had to be hidden to avoid any further strain between Mexico and the United States after a major 1998 operation by the United States against Mexican banks and bankers. It was also brought out that any undercover operation involving Mexico had to be made known to Mexican military, police and politicians, and this would make any such operation worthless.

Prosecutor’s Contradictory Positions

Matthews’s lawyer, Clifford Barnard of Bolder, Colorado, filed a motion for a new trial under the provisions of Title 18 U.S.C. § 2251, on the bases of newly discovered evidence. As part of that proceeding, Barnard filed a motion on May 10, 2001, seeking an order that the Justice Department prosecutor be required to produce a letter that the prosecutor had withheld during the trial against Matthews. That letter was sent by Thompson, the prosecutor against Matthews in the 1993 trial, to the prosecutor in New York prior to the Matthews trial. In that New York trial against drug traffickers, the New York prosecutor was using Jimmy Ellard—responsible for over 100 deaths—as a witness for the prosecution!

The importance of that letter was that Thompson was advising the New York prosecutor that Ellard was an unreliable witness and that he should not be used. Then, after taking the position that Ellard’s testimony could not be trusted, Thompson used Ellard as the main witness against Matthews, stating to the jury that Ellard was a reliable witness—the exact opposite of what Thompson had earlier stated in that letter.

Justice Department Stonewalling, Assisted by Judge Ungaro-Benages

The court issued an order on May 14, 2001, requiring the prosecutor to produce that letter prior to May 25, 2001. AUSA Thompson ignored the court order, causing Matthews’ lawyer to file a notice to the court on May 30th, advising that the document had not been presented.

Possibly sensing the importance of that document and what it might reveal about Justice Department prosecutorial misconduct, Judge Ungaro-Benages did an about-face, depriving Matthews of this document. She signed a June 1, 2001, order canceling all discovery. Matthew’s lawyer then filed a notice of appeal on June 13, 2001.

Matthews felt that the reasons for the judge’s refusal to require the production of that document was that its production could cause his conviction and that of several of the defendants in the New York trial to be overturned, including the charge related to the Avianca bombing.

Destined to Die in Prison

Every attempt to vacate his conviction and prison sentence was denied by
federal judges. In 2002, Matthews could look forward to remaining in prison for the remainder of his life, dying in prison. He was one of many victims of the arrogant and corrupt system that is accepted by the American public.

Matthews’s bright red jet

One of the arguments the Justice Department prosecutors made to the jury, which convicted Matthews of the charges, was that Matthews intended to use his jet to shoot down U.S. interdiction aircraft. First of all, Matthews would not use an easily recognizable bright red paint coloring on his jet if he intended to shoot down U.S. government aircraft. He also wouldn’t base it at an airport with heavy traffic.
Montana Drug Smuggling and FBI Complicity

There was more to the Top Gun Ranch than Matthews realized. The ranch had been owned by a major drug trafficker and aide to drug kingpin Pablo Escobar. It was in an isolated area close to the Canadian border. Further, Canada has a less hostile attitude toward drugs than the United States. The mainstream media has given virtually no publicity to the drugs coming from Canada into the Montana area, despite many reports of these activities and the duplicity of local and state law-enforcement personnel, political figures, and U.S. agencies.

Montana had been the home of some well-known crime figures, including Alfred J. Luciano, Sr., a nephew to crime-figure “Lucky” Luciano and Joseph Bonano.

**Canadian Border Problems**

Surveillance by U.S. agencies along the Canadian border is a fraction of what exists along the southern borders. Less than 300 Border Patrol agents are assigned to the Canadian border that is over 3000 miles long. In contrast, the United States reportedly has over 7,000 agents assigned to the U.S.-Mexico border (Seattle Times March 18, 1999). Deputy Chief Border Patrol Agent Eugene David, testifying in March 1999 before a House Subcommittee on Immigration, stated, “Over the last 10 years, we have experienced large increases in organized crime along the border.” (The Border Patrol is a division of the Immigration and Naturalization Service that is under the Department of Justice.)

**Montana’s Version of Arkansas**

In the 1980s, hundreds of reports were made by local residents about drug trafficking at Mena Airport in Arkansas, followed by state and federal “law enforcement” cover-ups. Many non-government investigative reports have been made about the drug trafficking from Canada into Montana, the criminal involvement of local and state law enforcement personnel and politicians, and the cover-ups by state and federal officials. This chapter focuses briefly on these matters in Montana.

The greatest number of reports of Montana drug trafficking came from an area known as the Hi-Line where the Burlington Northern Railroad runs parallel to the Montana-Canadian border. People reported planes landing at small airstrips, drugs being off-loaded, and the involvement of government personnel.
People who made reports of drug trafficking activities to county, state, or federal law enforcement offices found their reports were either ignored, or they became the subjects of government retaliation. As in Arkansas, many people who sought to expose the political involvement in drugs ended up dead, often falsely reported as suicides.

**Carry Drugs for County Attorney or Suffer the Consequences**

During an interview by private investigator Darby Hinz with Clinton Mullen, owner of Mullen Trucking Company, Mullen stated that County Attorney Phillip Carter in Sidney, Montana wanted to use his trucking company to haul drugs. When Mullen refused, the local bank, First United Bank, withdrew funding for his operation, and his credit rating in town deteriorated.

**A Few Courageous People Spoke Out**

Several courageous people attempted to expose the involvement of Montana personnel in the drug trafficking. One was James Douglas Alexander, a respected Montana attorney. Alexander helped found the Rutherford Institute of Montana; he was active in Republican politics, and he was Pat Buchanan’s 1992-campaign chairman in Montana.

Alexander discovered drug trafficking connected to local and state personnel in 1989 while defending another attorney from Sidney, Thomas Halvorson. Halvorson had been accused of wiretapping the county attorney’s office—during which time he recorded telephone conversations showing drug trafficking activities involving county and police personnel. After the wiretaps were discovered, the Commission on Legal Practices sought to revoke Halvorson’s license to practice law in Montana.

While defending Halvorson, Alexander discovered additional evidence that the deputy county attorney in Sidney and a police detective were involved in drug trafficking. In the August 1996 edition of *Strategic Investment* Jack Wheeler wrote:

*Mena in Montana? The Republicans may have their own drug smuggling scandal, similar to Bill Clinton’s in Mena, Arkansas. Due to all the bad publicity, the drug cartels moving coke from Mexico through Mena may have relocated a substantial part of their operation to Montana, bringing the stuff in from Canada. Corruption among state officials is reported to be widespread, reaching right into the governor’s office. DEA sources have hinted that Governor Marc Racicot or some of his top aides might be indicted. Trouble for the Republicans is that Racicot is one of them.*

**Infamous Barry Seal Operating in Montana**

Information obtained by Alexander and other investigators indicated that Barry Seal, famous for his Arkansas drug trafficking as part of covert government operations, was setting up a drug smuggling operation from Canada into Montana. One reason was that Arkansas and other areas along the southern coast of the United States were becoming so highly patrolled that it was difficult to bring drugs into the United States. Information obtained by Alexander, investigator Daniel Hopsicker and others indicate that Seal was flying drugs into Montana from Canada in 1985. One of Seal’s government handlers was reportedly DEA agent Ernst Jacobson.
Alexander wrote that it is believed former U.S. Attorney Pete Dunbar was involved with the government-associated drug trafficking that included Barry Seal. (Dunbar now has a private investigation firm in Billings, Montana.) Alexander said that while he was providing information to the FBI about the County Prosecutor Phillip Carter, Carter was fraudulent stating to Alexander’s law clients that Alexander was a convicted felon.

**Journalist Describing His Findings of Montana Drug Trafficking**

Adding to Alexander’s knowledge of drug trafficking and political involvement was journalist Mike Perry of Chinook who started telling Alexander in 1992 of the political involvement in drug trafficking that he had uncovered. Perry told Alexander of drug aircraft landing at Montana airstrips near Havre, Chinook, and Glasgow, which Alexander explained:

> I began communicating with a journalist in Chinook named Mike Perry. Perry gave a whole litany of similar, parallel events that were occurring: airplanes coming in, people unloading cocaine from airplanes, people getting beat up or killed. It always led back to members of law enforcement. In Chinook, four police officers had lost their jobs because they had tracked airplanes coming into the airport, or other drug-related corruption involving the county attorney and other individuals in Chinook. I began to work with Mike Perry at that point and we’ve worked together, with other journalists, to this day.

Mike Roe, a high-profile investigator, started working with us. He is a private investigator from Phoenix with a good reputation. He was very well known, a high-profile investigator. We felt like it was better to bring in someone from out-of-state to help us. We hoped, through his contacts with the FBI in Salt Lake City and with other federal agencies in Phoenix, we could get something done. By the time he came in, in 1992, we began to realize that the drugs were a very large-scale operation. Roe began to get in contact with residents in Chinook and Sidney, and there was a whole flood of people coming forward, asking for something to be done, begging us to look into the drugs and murders that appeared to trail back, again, to law enforcement personnel.

Pressure and threats from local police and sheriff department personnel, and political pressures, forced Perry to give up the battle and leave the state.

A written report dated February 2, 1994 was prepared by respected private investigator Michael W. Roe of Roe Investigations in Phoenix, Arizona. His 12-page report named people and places involved in Montana drug trafficking, the many murders of people threatening to expose the relationship between drug crimes and city and county personnel, including law-enforcement people, and the names of the many witnesses providing key information.

Under “general allegations,” the Roe report stated:

- Bill Larson, president of the Chinook Branch of the Bank of Montana, was allegedly involved in laundering of drug money through that branch of the Bank of Montana; that he was involved in the transportation of narcotics; that he was involved in a conspiracy relating to the murder of two people in Chinook (Richard Cowen and Bernadette Doiron, on or about January 21, 1987) in which two people were convicted: Lloyd James Wilson and
Robert Henry Bone.

- Don Ranstrom, Blaine County Attorney, was reportedly involved in the importation, use and sale of narcotics, in the murders of Cowen and Doiron, and there is a belief that he ordered the murders.
- The firing of Chinook police chief Bernie Brost by the mayor after Brost started investigating alleged drug activities by Bank of Montana banker Bill Larson, Blaine County Attorney Dan Ranstrom, Chinook police officer Alan Delk, and others.
- Former county attorney and now city attorney Phillip Carter was involved in drug trafficking, threats against people who would not cooperate in hauling drugs, including trucking firm owner Clint Mullen. After Mullen refused Carter’s reported request to haul drugs, Mullen started receiving retaliation from law enforcement personnel, and the local bank—whose attorney was Carter—suddenly disrupted Mullen’s financial activities, and he was physically beaten by friends of the city attorney.

**Destroying Anyone Who Exposes Their Corruption**

The Roe report referred to former Circle city attorney Arnie Hove who sought to expose the political involvement in drug trafficking and then was subjected to political harassment and physical violence. The report said, “Mr. Hove became very concerned for his personal safety and feared for his and his children’s lives. Mr. Hove expressed growing fear for his safety.”

Hove was formerly attorney for the city of Circle, Montana, served as appeals court judge at the Fort Peck Reservation, and was prosecutor for McCone. He was a rising player in Republican politics in Eastern Montana. But when he started exposing political involvement in drug trafficking, state and federal retaliation followed. Alexander described what Hove went through in retaliation for exposing the FBI involvement in Montana drug matters:

> Hove came under heavy attack during this period of time—from the fall of 1996 to early 1999. Law enforcement was everywhere investigating Hove for all kinds of criminal activity. It was horrible how they did him, but it was also similar to what they did to me [as a standard practice done to many other government personnel, including me]. Only Hinz has videotapes of witnesses who were offered money to testify falsely against Hove!

Charges were filed against Hove, and he underwent a period of intense harassment. In a not uncommon tactic to discredit anyone exposing government misconduct the charges were followed by an order committing him to Warm Springs State Hospital. He was forcibly injected with drugs which caused substantial brain damage. This effectively silenced another of the very few people with sufficient backbone and character to speak out when outrage is required.

** Convenient Death of Key Witnesses**

The Roe report, and information obtained from Alexander, described the “convenient” deaths of key people. These included banker Bob Kropp of Farmer’s State Bank in Conrad, who was killed shortly before he was to testify about drug money laundering. The vice president of Whitefish Mountain Bank at White Fish, John Ochenrider, died March 31, 1983, two weeks before he was to testify in a money laundering trial with codefendant Alfred Luciano.

Ochenrider death was reportedly due to a fall suffered while mountain
climbing—an activity that the banker had never done before. Montana Highway Patrolman Michael Remz was killed as he started investigating aircraft landing on small airstrips near the towns of Libby and Eureka. A journalist who was investigating Luciano’s drug smuggling activities died in a fire in Eureka. Many others were killed who had information about the drug trafficking.

**Whitefish Mountain Bank Drug-Money-Laundering**

The Mountain Bank of Whitefish, in Whitefish, Montana, close to the Top Gun Ranch, was reportedly involved in money laundering. One of its directors, Alfred Luciano, a nephew of Lucky Luciano, was indicted in 1993 at Missoula, Montana, for money laundering, along with his son, Frank. Charges were dropped against Al Luciano, and his son Frank fled the United States while waiting for trial and is reportedly living in the Caribbean area. After Al Luciano complained of being under 24-hour surveillance by the FBI, he was killed in a suspicious car crash.

The Whitefish Mountain Bank had been a money-laundering center for the drug operation. Its former president, Werner Schreiber, was sent to prison along with four other bank officers. Alexander Martin confirmed this to *Chinook Opinions* editor Mike Perry. Whitefish Bank was a money-laundering center for Iran-Contra folks. Buster Schreiber was an attorney and friend of Marc Racicot, the governor.

Before indictments were handed down, one of the grand jury members, Walter Hammermeister, heard testimony from FINCEN audit specialist “that $150 million had been laundered through the tiny bank.” Schreiber and five other bank officers were charged with embezzling over $6 million from the bank (which was their fee for handling the drug money). Hammermeister was a Pondera County Sheriff who had been trained at the FBI academy, and considered very reputable.

**Pleading Guilty to Bank Fraud Under Suspicious Conditions**

In December 1989, John Earl Petersen pled guilty to bank fraud, money laundering and conspiracy charges stemming from the financial collapse of Whitefish Mountain Bank. District Judge Fred Van Sickle sentenced Peterson to 12 years in federal prison. Federal prosecutors were suspiciously protective of Peterson, going overboard in referring to Peterson’s cooperation (no other charges were filed, and no other resulting cooperation could be seen). AUSA John Griffith of Washington, D.C. said a motion would be shortly filed to reduce Petersen’s sentence. This sequence suggested that Petersen pled guilty to keep sensitive information from leaking out, and told that he would be released after attention was diverted from his case. That is the way it usually works.

**Report Corruption in Government—and Suffer the Consequences!**

Alexander said that nearly everyone who came forward with information on drug trafficking experienced harassment from police or other government agencies. Alexander said county prosecutor Phillip Carter started filing false charges against some of the witnesses, or threatened to do so. These threats against witnesses were federal crimes for which the FBI has responsibility to prosecute.

**Explaining the Latest Drug Routes Into the United States**

Chip Tatum, formerly undercover government operative involved in the
Montana operations, explained the flight plan for drugs going from Colombia into Montana via Canada:

An aircraft departs Colombia, flies to the Bahamas to rest and refuel, and then, when a weather window opens, continue the flight to Nova Scotia or Quebec. Again, rest and refuel. Then continue to a US-Canadian border landing strip. An associate of Huxtable owned a ranch south of Wayburn, Canada, which provided a perfect landing zone. From Wayburn, the cocaine could easily be flown into Montana or North Dakota via small aircraft.

Tatum further explained the involvement of FBI Special Agent Terry Nelson and U.S.-Canadian contract undercover operative Mike Huxtable:

Nelson not only recruits the law enforcement officials and politicians he needs, he can also supply data from the law enforcement arena such as the DEA NADDIS computer, Customs TECS II, EPIC, FBI, and others involved in ongoing investigations. Nelson then provides this intelligence to his drug contacts. This helps obstruct any investigation and diffuse potential problems. Terry Nelson, a senior agent for the Federal Bureau of Investigation, continues to provide his valuable services to drug cartels and others who will pay his fee, out of his FBI office in southern Florida. [Tatum said that Huxtable was a Canadian smuggler who did undercover work for U.S. and Canadian agencies and organized crime groups.]

Tatum said that the same far offshore northern route along the east coast of the United States to Canada is also done along the west coast of the United States, entering Canada in British Columbia. He also advised that drug-laden planes from Canada were also landing in North Dakota and Wyoming.

Colombian Radar Warns Drug Pilots of Plane Intercepts

Tatum described how Colombian drug cartels installed radar on Swan Island in the Caribbean that monitors aircraft movements to avoid interdiction of their aircraft heading for the United States. He gave an example: A drug pilot flying drugs for the cartels is monitored on radar controlled by the drug cartels as it proceeds from Colombia northward. If radar shows their plane was being followed, the pilot is advised by radio to immediately return, thereby avoiding interdiction by U.S. aircraft.

Obstruction of Justice by Montana Crime Agency and Governor

Alexander said that he and a group of other concerned people provided the Montana Crime Investigation Bureau (MCIB) with several dozen witness statements showing official involvement in drug trafficking, and that the bureau engaged in a cover-up.

These statements included witnesses seeing planes landing and drugs being unloaded, people who were at gatherings where drugs were present. Despite this evidence, the state agency, under control of attorney general and then governor Marc Racicot, came back and said they could find no criminal conduct. People reported drug planes landing at small airstrips, at the Glasgow Air Force Base, and on the Fort Peck and Fort Belknap Indian reservations.

FBI Avoiding Evidence from Witnesses

Despite the fact that Alexander and others provided the FBI with dozens of witness statements showing government involvement in drug trafficking, none
of the witnesses were contacted by the FBI to determine the accuracy of their information. Alexander explained that he obtained over 70 witness statements in the Sidney, Montana, area from 1990 to 1995 from people who had observed the drugs being unloaded from aircraft and who observed or knew about the political involvement of city, county and state personnel in the drug trafficking.

**Justice Department Obstruction of Justice Tactics**

Alexander explained that by 1993-1994, the FBI had shifted the investigation to its Glasgow, Montana office and assigned it to FBI Special Agent Scott Cruse. He said: “Cruse apparently did almost no investigation at all. Certainly he did not talk to anyone in Chinook. There were bank employees in Chinook who were ready to come forward and provide documentation and testimony about money laundering there, and other things related to the drug operation. These witnesses were ignored.”

**Other Evidence of Major Crimes Ignored by Justice Department**

A February 2, 1994 letter to the FBI at Great Falls, Montana, by Michael W. Roe of ROE Investigations listed 12 pages of details about drug trafficking involving state and local police and prosecutors. The FBI did not act on this report. Justice Department and other government agents and informants fabricate charges against the men and women of the United States while they simultaneously protect major drug traffickers, protect local, state and federal government personnel involved in drug trafficking.

**FBI Offering Favors to Witnesses**

An article in the Billings Outpost (July 29, 1998) was titled, “FBI Accused of Offering Favors to Witnesses.” The article stated in part:

*In one instance, Mr. Parker said after the arraignment, a juvenile has given a videotaped statement that he was offered his release from jail and his GED if he would testify against Mr. Hove. (Hove was an attorney exposing official involvement in Montana drug trafficking. He was charged by DOJ prosecutors with sexual offense upon a woman who continued to call him after the charges were filed.)*

**Justice Department Tactics to Silence Alexander**

Alexander explained how Justice Department prosecutors sought to silence him, using his humanitarian efforts relating to adoption of war orphans to retaliate and halt his exposure of government-involved drug trafficking. He explained:

*I went to Europe in January of 1990 with a former AP writer from Helena, Garry Moes. I went over there and began to do some of the first adoptions in Romania by U.S. Citizens. I also helped coordinate humanitarian efforts over there. I became good friends with members of the new leadership that emerged after the revolution. I began to do business over there, and had a very successful international adoption practice. I did the first Romanian adoptions after the revolution. I helped a state senator in Romania to establish the Romanian adoption laws. I worked with the leadership of the state government there. What we did was transfer the approval from Bucharest to the state governments in Transylvania and to the other state governments so they could approve adoptions.*

*I was charged with wire fraud related to some adoptions, which I later*
did in Macedonia. The family back in the states was denied an adoption there because they had falsified their mental health records. They had a history of mental illness. They got over there and disclosed that, and they were rejected. They came back to the United States and said adoptions could not be done in Macedonia.

By that time, the political forces in Montana zeroed in on me and used these false allegations to take my license. They have continued to use this to discredit me, and have brought federal felony charges against me. They are claiming that adoptions were not allowed in Macedonia. But we have reports from the State Department showing that there were 12 adoptions that year, and we were the first to attempt to do it. Obviously the state has no case, and as this thing unwinds, I think the answers to why I was targeted and this was done to me, and why Arnie Hove was arrested, are going to become quite apparent.

Alexander explained how he learned about Montana drug trafficking and heavy involvement of local, state, and federal personnel. In a March 13, 1999, letter Alexander wrote:

We began to gather reports involving drug smuggling into Sidney-Chinook-Havre in the early ’90s. We had more than 70 statements involving witnesses to local law enforcement and prosecutors being involved in drug dealings. There are dozens and dozens and dozens of affidavits! When I came out publicly against the drugs, the attacks on me began in earnest. I was driven out of the practice of law and Montana. After I left the state, I was contacted by Orlin Grabbe, then others who I’ve since been advised were linked to NSA and others.

Mike Roe met with FBI agents in Great Falls for seven hours at one time. I was interviewed in Helena in 1994 for four hours. Neither meeting resulted in 302’s [FBI report of witness statements]. The agent who was assigned to my case, Scott Cruse, also was assigned to investigate the drug allegations. Chip Tatum identified Cruse as one of the Montana FBI agents involved in drug trafficking with the Nelson operation. Cruse later gave false testimony to the Great Falls grand jury to get me indicted on the wire fraud charges. By amazing coincidence, another investigator, Walter Hammermeister was on the grand jury and was able to confront Cruse. He was then booted off the grand jury! The attorney prosecuting the case was Carl Rostad.

[Reported Canadian Indictment of FBI Agent]

FBI Agent Terry Nelson was indicted in Regina, Saskatchewan Provincial Court. Blain County Sheriff Pete Paulsen; journalist Paul Richardson, then of Indian County Today, and myself, confirmed this from the RCMP in Regina. The investigator I spoke to there was Detective Leach. Tatum released more details of the flights and identified the pilots, the articles were later published under pseudonyms “Spook Houses in Glasgow,” and “Donna Does Glasgow,” by Hi-Line Mary. The investigator also identified Mike Huxtable, a Canadian National, as one of the persons indicted.

[U.S. Pressuring Canadians to Cover up Drug Smuggling]

The U.S. government pressured the Canadians to seal the file and it is
sealed at present. Nelson is a dual citizen: Canadian-US and has a fancy home in Montreal. The smuggling operation also involved Chapeau Airstrip in Quebec.

Further explaining political involvement in drugs, Alexander wrote in an April 1, 1999, letter:

I came to realize that Sidney attorney, Phillip Carter, was involved in drug trafficking while acting as an investigator for Maurice Colbey, an investigator for the Montana Commission On Practice appointed in the Halvorson matter. I came upon documents indicating that then Montana Attorney General Marc Racicot and FBI Special Agent Scott Cruse were actively deflecting drug allegations against Philip Carter.

Sidney attorney Tom Halvorson had allegedly wire tapped the Richland County Attorney’s office and had obtained tape recordings of drug conversations involving then Deputy County Attorney Carter and a police detective, David Schetting discussing a large scale drug operation.

I was approached by Maurice Colbey to obtain affidavits from witnesses and did do so. The affidavits of Jeff Curry confirmed that Halvorson had solicited him to use a parabolic microphone to obtain tape-recorded conversations from the office of Phillip Carter.

The FBI via agent Cruse immediately focused on Halvorson. I still have the letter from Carter to Scott Cruse, which stated that Marc Racicot approved of the investigation! Halvorson was sanctioned by the Montana Supreme Court, but the complaint regarding the wire-taping allegation was dropped. Arnie Hove testified against attorney Halvorson in that proceeding, saying that Halvorson was making statements concerning Carter dealing drugs! Years later, Hove himself was targeted for saying the same thing.

It was only later, after I was forced out of Montana, that I found [Montana Governor] Marc Racicot was involved in the drug scheme. There are wire-fund-transfers from Banque Suisse to the Norwest Bank of Helena branch accounts directly to Marc Racicot, his family, and assistants. Those funds came from the Fabio Ochoa operation! Darby Hinz had confirmed from an independent source flights into Montana for the Fabio Ochoa organization.

**Substituting One Sham Charge for Another Sham Charge**

Charges arising out of Alexander’s adoption activities were dropped, and then other sham charges were filed against him on August 25, 1998, by U.S. Attorney Carl Rostad in Great Falls, Montana. Rostad fraudulently charged Alexander with obstruction of justice and interstate communication of threats or violence.

Walter Hammermeister, a grand jury member, charged that Rostad and FBI Special Agent Cruse gave perjured testimony to the grand jury in order to obtain the indictment. Alexander had raised as one of his defenses that the charges filed against him were due to his reporting of state and local government involvement in drug trafficking. His attorney, Mark Werner of the law firm, Public Defenders of Montana, undermined Alexander’s defenses by telling the grand jurors that Alexander’s charges about drug trafficking were delusional.
Drugging America—A Trojan Horse

(Alexander repeatedly tried to dismiss Werner whose conduct was aiding and abetting the drug traffickers and undermining his client’s defenses.)

The Department of Justice filed an _in Limine_ motion on February 22, 1999, seeking a court order barring Alexander from raising that defense, which would keep any information concerning the Montana drug trafficking and government involvement out of the record. The Justice Department’s motion stated in part:

*For example, the obstruction count of the indictment itself is predicated on evidence that proves the defendant attempted to have his then counsel, Mark Werner, pursue an unsubstantiated claim that his prosecution was politically motivated and retaliatory to his efforts to reveal drug trafficking in the Sidney, Montana area.*

This was bizarre. The Department of Justice attorneys were calling Alexander’s attempts to report the drug trafficking an obstruction of justice. Something like this was done to me by U.S. Attorney David Levi in Sacramento, California, when I sought to report high-level criminal activities. Levi and federal judges held me in criminal contempt of court for trying to report to a federal judge (under Title 18 USC Section 4) the criminal misconduct that I and several government agents and deep-cover agents discovered. It was one of hundreds of examples of DOJ attorneys covering up and obstructing justice while simultaneously filing sham charges against those courageous individuals who sought to report the criminal activities! (Further details are found in the third editions of _Unfriendly Skies_ and _Defrauding America_.)

**Charging U.S. Attorney Seykora with Criminal Acts**

A September 18, 1997, letter by private investigator Darby Hinz charged Assistant U.S. Attorney Seykora with making serious false statements and omissions in Seykora’s September 15, 1997, internal memorandum. The Hinz letter charged Seykora with “a sophisticated attempt to suppress witnesses in Sidney and Chinook who may have information related to official misconduct.” The Hinz letter referred to an investigation that began in the spring of 1991. It referred to an alleged request by County Attorney Phillip Carter to Mullen, requesting Mullen to haul drugs from Canada into Montana and other points in the United States, and the misuse of prosecutor power to retaliate against Mullen when he refused to engage in the criminal activities.

**Private Investigator Reveals Official Involvement in Drugs**

In an April 18, 1999, motion titled “Ex Parte Motion To File Under Seal,” Alexander filed a motion with an attached affidavit by private investigator Darby Hinz. The affidavit was filed under Title 18 USC Section 4, and addressed the matters of “drug corruption in eastern Montana.” That motion and affidavit stated in part that U.S. Attorney Carl Rostad gave false testimony to a federal grand jury; that Rostad continued to seek an indictment against Alexander after receiving uncontroverted information indicating his innocence; that FBI agents gave false testimony, and refused to contact witnesses willing to give evidence of official involvement in drug trafficking.

He affidavit continued, stating that former Deputy County attorney in Sidney, Phillip N. Carter, had asked Mullen to use his trucking company to haul drugs for Carter; that an individual residing in Richland County, Montana, purchased illegal drugs from Sidney Detective David Schettine during 1994/1995;
Montana Drug Smuggling and FBI Complicity

1994/1995; that’s attorney Mark Werner stated—contrary to the evidence and while attorney of record for Alexander—that “there was no evidence to support prosecutorial misconduct, police misconduct, malicious prosecution or other issues material to Mr. Alexander’s case.”

Werner, protective of the heavy government involvement in drug trafficking, reportedly stated to a federal grand jury, “Mr. Alexander was delusional based on Mr. Alexander’s concerns expressed to him regarding the allegations of drug trafficking.” Not only was this attorney obstructing justice relating to the widespread drug trafficking, but he was undermining his own client and encouraging the grand jurors to indict his client! (Thirty years of dealing with attorneys makes this arrogant misconduct no surprise.) Werner’s law firm had several conflicts of interest in representing Alexander, one of which was its desire to protect involvement in drug trafficking by county and state personnel.

The affidavit continued, stating that FBI Agent Scott Cruse was under Department of Justice investigation for drug related misconduct; that the investigation targeted Scott Cruse in a Canada to Montana smuggling operation involving Mike Huxtable of Canada, and Miami, Florida FBI Agent Terry Nelson.

Drug Money to Montana Governor Racicot?

In another section of the affidavit, it stated, “funds were paid into an account at a financial institution in Switzerland, Banque Suisse, by the conspirators to current Montana Governor, Marc Racicot. The payments were made to allow the drug shipments through Montana.” Another section of the affidavit said:

A statement from ... pilot J.J. Smith [concerning] drug flights from Canada into northern Montana. The statement corroborates the accounts of Chip Tatum ... in part. Smith is currently a federal prisoner having been convicted of participation in a drug smuggling conspiracy, which according to official documents involved the smuggling of 20 tons of cocaine into the United States from Colombia and Venezuela.

Referring to FBI attempts to have witnesses give perjured testimony, the affidavit stated:

Although not presented at trial, three videotape statements from witnesses who claim that FBI agents solicited them to give false information ... the solicitation of witnesses to give false testimony by FBI agents is part of a scheme to harass or discredit attorney Arnie Hove. The harassment may be directly linked to Mr. Hove’s cooperation with the internal investigation conducted by the Department of Justice referenced herein.

Controlling the Grand Jury

The affidavit referred to the request of AUSA Carl Rostad to the judge for removal from the grand jury of a juror who was aware of the Justice Department misconduct. (Removal of non-cooperating jurors is another tactic used by Justice Department attorneys to make grand juries rubber-stamps for DOJ indictments.) The affidavit said that attorney Phillip N. Carter of Sidney, Montana, and Donald Ranstrom of Chinook, Montana, were also implicated in the investigation of the smuggling operation.

Hinz ended the motion and affidavit stating: “Based on information and be-
lief, I allege that sealed criminal indictments may now exist in Regina, Saskatchewan Provincial Courts as to individuals Terry Nelson and Mike Huxtable. Such indictments have been confirmed to Montana law enforcement personnel as well as journalists who inquired with the RCMP [Royal Canadian Mounted Police] in Regina [Canada].”

**Explaining the Sudden Disappearance of Chip Tatum**

In other pages, and in my third edition of *Defrauding America*, I describe Chip Tatum’s government-related drug smuggling activities and his sudden disappearance. Alexander explained in an April 3, 1999 letter that in one of the last of over 150 telephone conversations with Tatum, why Tatum was no longer available:

> During the last months before Tatum left the United States, he was approached by [FBI Special Agent] Terry Nelson and offered $750,000 to back off the story. Eventually Tatum reached a settlement with the “government” and an agreement to clear up his record. The person who approached Tatum with the $750,000 offer was Nelson’s brother-in-law, Mr. Olson.

**Large Numbers of State and Federal Officials Implicated**

Montana will surely be more in the news as this drug-smuggling frontier is addressed by more of the media that is willing to report these matters. The heavy involvement of state and federal personnel in obstructing justice in drug-related matters in Montana is one more example of these criminal and subversive activities.

**Another Insider With Suspicious Ties To the Drug Problem Selected by President Bush for a Key Government Position**

Evidence surfacing in the Iran-Contra investigation by Independent Counsel Lawrence E. Walsh showed that the senior George Bush was in the loop with drug smugglers. Young George Bush, after becoming president of the United States, appointed Marc Racicot to head the Republican National Committee. He was one of several with questionable ties to the drug problem that was favored by the young George Bush upon becoming president.

**Washington Weekly Exposure of Montana Drug Activities**

Wesley Phelan’s articles in the *Washington Weekly* documented interviews with numerous people who reported the Canada-to-Montana drug trafficking and the involvement of key politicians and law enforcement personnel. Phelan interviewed over 20 people who had information about the Canadian-Montana drug operation. In a March 2, 1998, article, Phelan described his contacts with Ron Gold, a former special agent for Army Intelligence, who did numerous interviews confirming what Phelan wrote in his earlier article. Phelan also reported what he learned from other investigators.

In his March 2nd article, Phelan described his interview with Legal Advocate Melissa Buckles for the Assiniboine-Sioux tribe on the Fort Peck Indian Reservation in Montana. During this interview, she described the many drug airplanes and helicopters landing at night at the remote Indian reservation, the many drug-related killings occurring on the reservation, and her charge that FBI agents in the Glasgow, Montana office were involved with protecting the drug operations. She described the cover-ups by the Billings Bureau of Indian
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Affairs office, and similar drug activities at other Montana Indian reservations including Fort Belknap. She described a letter Gold sent to FBI Director Louis Freeh on December 15, 1997, and never answered. That letter stated in part:

1. **South Florida FBI Agent Terry Nelson is a target of an internal agency investigation involving the drug operation...** The drug smuggling operation occurred in flight routes to Nova Scotia and Chapeau Airfield in Quebec; then over to Weyburn, Saskatchewan and down into North Dakota and Montana. The major shipping zones in Montana were Sidney, Chinook, Havre and clandestine airstrips on the Fort Peck Tribal Lands. Alternative routes into Eureka, Libby, Whitefish, and Shelby may also have been used.

3. **Corrupt Montana authorities in Chinook, Sidney and the Fort Peck tribal lands coordinated protection of the smuggling operations.** A prominent Montana state official received payments into accounts in the Helena Norwest Bank branch in conjunction with the multi-ton shipments of Colombian Cali-cartel heroin and cocaine.

6. **FBI agents operating out of the Glasgow office assisted the Nelson smuggling operations and involved Fort Peck tribal police as well as other tribal members in illicit activities.**

10. Two Glasgow FBI agents involved in the drug operation likely compromised dozens of investigations on the Fort Peck and Fort Belknap tribal lands. Witnesses are available and have information directly linking the Glasgow FBI agents and other officials to drug related activities and violent civil rights abuses.

In other parts of her letter, she described the many murders of people exposing the drug-related activities, including forty people murdered on one reservation alone. She added, “There are people in Montana who are clearly scared and are begging for help.” Freeh never responded to her letter and none of the witnesses were contacted.

**FBI Director Cover-up: What Else Is New!**

Buckles wrote a letter to U.S. Attorney General Janet Reno, making reference to Gold’s letter to Freeh, the failure of the FBI Director to respond, and then gave details of the serious drug smuggling problems and the involvement of Montana and FBI agents in the trafficking. She never received a response.

**Coast Guard Intelligence Officer Supported the Findings**

Another person interviewed by Washington Weekly investigator Phelan was David Hume, a former police officer and former intelligence officer with the U.S. Coast Guard from 1978 to 1991. Hume confirmed the southbound flow of drugs from Canada into Montana, adding, the drugs from Colombia “go out as far east as Bermuda and then go up to Nova Scotia. Then they would come south and be able to off-load their drugs.” Hume talked about the minimal or lack of radar coverage that permits aircraft to fly undetected from Canada into Montana. He confirmed Weyburn, Saskatchewan, as being a key drug transshipment point. He wrote:

> My sources all agree that many state and local officials in Montana, and many agents of the federal government, are involved in one way or another with smuggling drugs into the state. These claims are not new, nor are my sources the only ones making them.
Further provocative information is provided by the following letter:

DARBY HEINZ
PRIVATE INVESTIGATOR

NORWEST BANK OF HELENA 04-12-99
Dennis Hansen
350 N. Last Chance Gulch
Helene, MT 59601
Phone (406) 447-2000 ext. 2026 Sent via US Mail
Re: Wire Transfer Funds/Norwest Bank of Helena

Dear Mr. Hansen:

I have received information concerning the electronic transfer of funds to the Norwest Bank of Helena from offshore accounts. The funds originate in the Swiss financial institution Banque Swisse and are traced to your branch. My information indicates that the fund may be linked to international drug smuggling and laundering from Canada by a Colombian group linked to Cali/Medellin cartel member Fabio Ochoa. Additionally, the funds may have been illegally in Swiss account/accounts without proper declaration and identification for U.S. tax purposes.

My major source is concerned because of the sensitivity of the matter, and the safety of several of the witnesses could be jeopardized and requests that the matter be referred to federal authorities or investigators outside the State of Montana. My source is prepared to co-operate with the authorities and co-ordinate efforts with other witnesses, provided that they are recognized and protected according to law. It is my understanding that wire fraud transfer records exist which substantiates these claims.

I am prepared to meet with investigators or the appropriate federal agency immediately in regards to the above.

Very Truly yours,

Darby Hinz
Richard Pitt filled the void left by Matthews’ departure. He left the good life as a pilot for United Airlines, looking for adventure and excitement, which he definitely found; far more than he expected: Danger-filled drug flights, gun fights at remote jungle strips, tortured and imprisoned in Mexico, and more. In the end, government agents sabotaged him, just as they did Matthews, when he learned too much about government involvement in drugs and was threatening to expose a major drug operation.

Pitt was born on an Indian reservation in Sundance, Wyoming on March 31, 1949, not far from his Sioux Indian heritage. He was adopted by his aunt and uncle at six months of age and raised in Thermopolis, Wyoming. It was a hard life. He developed a strong interest in aviation at an early age and learned to fly at local airports. He joined the Air Force and became a C-130 pilot and flight instructor. Upon leaving the military, he was employed as a pilot for United Airlines from 1977 to 1986. Because of his Air Force instructor experience teaching aircraft systems, United Airlines used him as a DC-8 flight instructor.

United Airlines Tragedy-Associated Corruption Changed My Life

Ironically, in 1962 I had completed my pilot training at the same United Airlines DC-8 ground and flight training center while I was an inspector for the Federal Aviation Administration. Inspecting the safety of the DC-8 and other United Airlines’ programs became my primary responsibility. I found the initial training program, where Pitt was a flight instructor, was excellent, the annual training and competency checks conducted by United Airlines Flight Standards department was tragically corrupt. The great number of crashes and deaths resulting from this misconduct were evidence of that fact. (These tragedy-related problems are detailed in the third edition of *Unfriendly Skies.*)

It was this corruption at United Airlines, and that which I discovered in the Federal Aviation Administration, that caused me to become a crusader for the next 30 years. It was my assignment to United Airlines crash-plagued program that started years of grief for me. For Pitt, his grief began after leaving the UAL DC-8 assignment. In a peculiar way, United Airlines played a part in both of our stories.

After Pitt read *Unfriendly Skies,* he wrote that some of the events described in the book brought back memories of events he had almost forgotten: “Your