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THE WHITE HOUSE
WASHINGTON

November 4, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR.

FROM:

ALAN CHARLES RAUL *ACR*

SUBJECT:

Declassification of Report/House Minority:
"Nicaragua"

This section of the report is 32 pages long and arrived for declassification on October 29. The salient points are noted below:

- P. 1 - "It is impossible to understand the motivations for the Administration's actions without first understanding the strategic and political context within which it was operating. In describing these circumstances, it is necessary to begin with the fact that the Sandinista government in Nicaragua is a Marxist regime that openly espouses the expansionist, Leninist doctrine of 'revolution without borders.' Because of this, and because the Sandinistas have behaved in a manner consistent with the doctrine by supporting Communist insurgencies elsewhere in Central America, Nicaragua has become a direct threat to the stability of the governments of its neighbors and to U.S. security interests."
- P. 9 - "So there is plenty of reason for a President of the United States to think the Nicaraguan government is not merely unfortunate for its own people, but a distinct threat to the security of the region and, ultimately, to the United States. This is no speculative threat. In 1983 the Congress found that:

By providing military support (including arms, training, an logistical, command and control, and communications facilities) to groups seeking to overthrow the government of El Salvador and other Central American governments, the Government of National Reconstruction of Nicaragua has violated Article 18 of the Charter of the Organization of American States which declares that no state has the right to intervene, directly or indirectly, for any reason whatsoever, in the internal or external affairs of any other state.

THE WHITE HOUSE

WASHINGTON

November 4, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR.

FROM: ALAN CHARLES RAUL *AR*

SUBJECT: Declassification of Report:
Untitled (Fascell Chapter)

This section of the Report is 85 pages long and arrived for declassification on October 30. The salient points are noted below:

- P. 1 - "In 1982, just as President Reagan launched his Democracy initiative in a speech to the British Parliament, DCI William Casey approved the transfer of the Director of the Covert Action Staff at the CIA to replace Donald Gregg as Director of the Intelligence Staff at the National Security Council. From that position, Casey's designee, a career CIA covert operative and a specialist in propaganda and disinformation, helped launch an effort which resulted in the establishment of an elaborate government/private system of consultants, lobbyists, public relations experts, fundraisers, and media specialists who carried out a determined campaign to sell President Reagan's Central American policies to the American public, the media, and the Congress. These efforts also resulted in the raising and distribution of money for weapons and military supplies to the Contras."
- P. 3 - "Channell, with the assistance of Administration officials, including the close involvement of Lt. Col. North, used the White House to brief potential donors to the Contras. The briefings were followed by an event at the Hay Adams Hotel where a pitch for money was made by Channell. Some of the major contributors later met or had photo opportunities with the President. Funds received from these same donors were also used by Channell in a campaign to defeat Congressman Mike Barnes, one of the principal opponents of Contra aid in the Congress."
- P. 4 - "The General Accounting Office, in a recent report (9/30/87) to the House Committees on Government Operations and Foreign Affairs, concluded that the State Department Office of Public Diplomacy for Latin America and the Caribbean 'engaged in prohibited, covert propaganda activities designed to influence the media and the public to support the Administration's Latin American policy. The use of appropriated funds for these activities constitutes a violation of a restriction on the State Department annual

appropriations prohibiting the use of federal funds for publicity or propaganda purposes not authorized by the Congress.'" "

P. 3a - "In the early part of 1983, documents obtained by the Select Committees indicate that the Director of the Intelligence Staff of the NSC successfully recommended the establishment of an inter-governmental network to promote and manage a public diplomacy plan designed to create support for Reagan Administration policies at home and abroad. Their initial efforts were directed toward involving private groups and individuals in a campaign to influence American and European public opinion on Intermediate Nuclear Force (INF) deployment in Europe."

P. 11 - "Channell's principal organization, the tax-exempt National Endowment for the Preservation of Liberty (NEPL), used White House briefings and private meetings with the President to raise more than \$10,000,000 from private contributors, almost all for the Contra cause. Over half of this total came from two elderly widows -- Barbara Newington and Ellen Garwood -- who made the bulk of their contributions after receiving private and emotional presentations by Oliver North on the Contras' cause and military needs. One dozen contributors accounted for ninety percent of NEPL's funds in 1985 and 1986."

P. 13 - "North misrepresented to several White House officials the nature of the network's fundraising activities. For instance, the President apparently was led to believe that the funds were being raised for political advertising; the President's Chief of Staff, Donald Regan, was deliberately kept in the dark by North and Poindexter; and North misrepresented to Congress and White House personnel the nature of his involvement in the activities of NEPL and IBC. As a result, the Miller/Channell network was able to operate successfully until the latter part of 1986, when increased government aid to the Contras and public disclosure of both the Iranian arms sales and the Contra resupply network made further assistance efforts unnecessary and unwise.

By using a tax-exempt organization to funnel money to the Contras -- for arms and other purposes -- Channell and Miller provided tax deductions to donors. As a result, the United States Government effectively subsidized a portion of contributions intended for lethal aid to the Contras."

P. 17 - "Raymond and North engineered a White House briefing for potential donors and fundraisers who could help make the dinner a success. The White House briefing, which was designed to demonstrate the dire need of the Nicaraguan refugees in Honduras was to be followed by a reception at the Hay Adams Hotel where a pitch to help raise funds was made. [Memorandum N14857 from Walt Raymond and Oliver North to

Robert McFarlane, Nicaragua Refugees, 1/8/85]. White House Counsel, Fred Fielding, initially objected to White House involvement in the events but later reluctantly revised his opinion after pressure was generated by Walt Raymond."

P. 20 - "In January 1985, after NEPL ran a large newspaper advertisement congratulating President Reagan on his inauguration, Channell received a call from Edie Fraser, of the public relations firm of Miner and Fraser. According to Channell, Fraser indicated that she admired the ad and asked for NEPL's assistance in organizing and promoting a fundraising dinner for the Nicaraguan Refugee Fund (NRF). This was Channell's introduction to the Contras' cause."

P. 22 - "According to Channell, the NRF dinner had to be postponed several times, and was an organizational disaster. When it finally took place on April 15, 1985, President Reagan attended and delivered the keynote address. The NRF dinner convinced Channell that large and expensive functions were not efficient methods of raising money for the Contras. However, the President's commitment to the Contra cause convinced Channell that the Nicaraguan issue was a fertile one for private fundraising.

Thereafter, Channell and Conrad, with the assistance of Miller and Gomez, concentrated on private meetings with potential large donors, who would be give an audience with North and, in some cases, a photo opportunity with the President."

P. 23 - "The idea of focusing on potential big givers to the Contras was not new. Edie Fraser, one of the principal organizers of the NRF dinner, testified that at the suggestion of the State Department she met with North and Walt Raymond on December 11, 1984, to seek White House 'participation' in the dinner. Fraser mentioned the Sultan of Brunei to North as a possible contributor to the NRF. Fraser explained that the Sultan had come to her attention because he was a contributor to a prior program sponsored by Mrs. Reagan. On December 28, 1984, Fraser sent further biographical information on the Sultan to North, but does not know if North ever followed this lead. [Fraser Dep. at 28, 31-39, N6298].

On March 4, 1985, Fraser sent additional information to North on the planned dinner. At the bottom of the cover letter she added a handwritten note: 'Ollie, Very Imp., Two people want to give major contribs i.e. 300,000 and up if they might had one 'quiet' minute with the President.'"

P. 40 - "Large contributors to NEPL uniformly received thank you letters from North (and often from the President) for their support of the President's policies in Central America, although without specific reference to any contribution."

P. 48 - "Either at this breakfast or the evening before, Channell informed O'Boyle that if he contributed \$300,000 or more, a 15-minute 'off-the-record' meeting would be arranged between O'Boyle and President Reagan. Channell indicated that other people who had contributed that amount of money had met with the President. O'Boyle understood that these meetings with the President were 'off-the-record' because the subject matter was so secret and sensitive."

P. 52 - "The Role of the President

In a May 19, 1986 PROF note to Poindexter, North wrote 'the President obviously knows why he has been meeting with several select people to thank them for their 'support for Democracy' in Cent[ral] Am[erica].' [N12528]. In fact, what the President knew is a matter of some doubt.

The President, in his March 19, 1987 press conference said that he believed that contributors he met had donated money for political advertising for the Contras. [New York Times, 3/20/87, at A-10, Col. 4]. The minutes of the May 16, 1986 National Security Planning Group (NSPG) meeting reveal the same understanding on the part of the President. He stated, "What about the private groups who pay for ads for the Contras? Have they been contacted? Could they do more than ads?" [N 10298]. Similarly, in preparation for the January 30 briefing, Linda Chavez wrote a memorandum to the President, stated that 'ACT and NEPL spent in excess of \$3 million supporting the President's programs through public awareness using television and newspaper messages.' [N 22715]. In fact, much of the \$3 million was directed toward Contra support activities, including arms.

Poindexter, however, testified at his deposition that '[t]here wasn't any question in my mind' that the President was aware that the contributors he was thanking were giving to the Contras. [Poindexter Dep., 5/2/87, at 203]. He added that 'in the White House during this period of time that we were encouraging private support, we really didn't distinguish between how the money was going to be spent.' [Poindexter Dep., 5/2/87, at 202]. North testified that in writing his May 19 PROF note, he assumed that the President was aware that the contributions were for munitions, as well as other things, although he denied ever discussing this with the President. [7/7/87, at 241].

The President met with and thanked several large contributors for their support of his policies. David Fischer, former Special Assistant to the President, arranged Presidential photo opportunities or meetings with at least seven major Channell/Miller contributors in 1986. Fischer and Martin Artiano, a Washington lawyer, were paid steep fees by IBC (which charged these fees to NEPL) for arranging these meetings (among other services). Channell's statement

to O'Boyle that these meetings carried a \$300,000 price tag is substantiated by Edie Fraser's cryptic note to North (mentioned above); at least five of the six contributors who donated more than \$300,000 to NEPL were invited to meet with the President."

- P. 69 - "Nearly all of these activities -- [against Mike Barnes] -- television ads, lobbying, grassroots pressure and newspaper ads were funded by the same contributors who had been invited to the White House for Oliver North's briefings and who had met with the President."
- P. 80 - "The private fundraising endeavors of Spitz Channell and Rich Miller, and even those of minor figures like Roy Godson, all grew out of the desire of the Reagan Administration, particularly CIA Director Bill Casey, to circumvent the strictures of the Boland Amendment and to create a political climate conducive to the resumption of U.S. assistance to the Contras

Although President Reagan's role in the private funding operation is not entirely clear, it is apparent that the use of the White House and the President's name in the fundraising schemes of Channell and Miller provided a sizable amount of sustenance and a sense of legitimacy to the whole operation

The State Department was used to run a prohibited, domestic, covert propaganda operation. Established despite resistance from the Secretary of State, and reporting directly to the NSC, the Office of Public Diplomacy for Latin America and the Caribbean attempted to mask many of its activities from the Congress and the American people.

One of the CIA's most senior covert action operators, was sent to the NSC in 1983 by CIA Director Casey where he participated in the creation of an inter-agency public diplomacy mechanism that included the use of seasoned intelligence specialists. The operation spawned Rich Miller and Frank Gomez, who were sustained with sole-source, no-bid State Department contracts and co-opted Spitz Channell and his cohorts in the private sector. This public/private network set out to accomplish what a covert CIA operation in a foreign country might attempt -- to sway the media, the Congress, and American public opinion in the director of the Reagan Administration's policies."

THE WHITE HOUSE

WASHINGTON

November 4, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR.

FROM: ALAN CHARLES RAUL *ACR*

SUBJECT: Declassification of Report:
"Other Privately-Funded Covert Operations"

This section of the Report is 48 pages long and arrived for declassification on October 31. The salient points are noted below:

P. 1 - "Under the plan that Lt. Col. Oliver L. North attributed to Director of Central Intelligence William Casey, profits from the Iran arms sales were to fund not just the Contras but other covert operations of the Enterprise as well. Before the Iran arms sales became public, Lt. Col. Oliver L. North had begun implementing certain projects he and Casey believed the Enterprise could perform.

'We always assumed,' North said later 'that there would come a time again, as indeed it did, where the Congress would make available the moneys necessary to support the Nicaraguan freedom fighters.' When that happened, the Enterprise, functioning free of government scrutiny and with ample funds, could carry out other covert projects; many were intended 'to be conducted jointly [with] . . . other friendly intelligence services' while others would be limited to activities conducted by North, Secord and Hakim.

Even before the Enterprise was formed, however, North was operating with non-appropriated funds on another project that the Government could not do because it was contrary to United States policy -- the ransom of the hostages."

P. 13 - "North recommended in the memorandum that McFarlane approve the [DEA hostage] plan and ask the Attorney General to detail Dwyer and Tarallo to the NSC for 30 days. McFarlane initialed the 'approve' line at the bottom of the memo. McFarlane handwrote just under the approve line, 'North to follow up 6/10 with AG.'"

P. 13, 43n - "McFarlane testified that he never discussed this matter with the President."

P. 14 - "Around June 10, [1985] North prepared a memorandum for Attorney General Meese describing how the DEA agents would deposit the \$200,000 and open an account for the remaining

\$2 million, which was to be provided by the 'donor to bribe those in control of the hostages.' North asked the Attorney General to assign the DEA agents to 'this organization [NSC staff] for a period not to exceed 30 days.' Attorney General Meese complied with North's request. That assignment would last for over one year."

- P. 20 - "In January 1986, Christensen expressed to Allen his concern regarding the propriety of using money to gain the hostages' release. Allen replied that North had told him that the President had said he would 'go to Leavenworth if necessary' to free the hostages."
- P. 20, 68n - "Christensen assumed that North meant that the President was willing to commit illegal acts to gain the release of the hostages. Christensen did not believe the statement."
- P. 20 - "Christensen also recalled that in March 1986, while Allen and Christensen were generally discussing how to finance efforts to free the hostages, Allen commented that, 'Ollie was already into his Contra money for the hostages' Christensen did not pursue this remark."
- P. 24 - "Soon after the June 1986 DEA mission failed, North told McFarlane that Perot had complained that he lost his money on the operation, and that North had failed to keep him informed. North asked McFarlane to mollify Perot. McFarlane eventually saw Perot and asked him 'not to be too hard on Ollie.' In addition, Perot received a letter from the President, dated June 11, 1986, stating:
- 'I have been briefed on your effort over the past several weeks on behalf of our Americans abducted in Beirut. On behalf of the American people, I want to thank you for your discreet assistance in this regard. My hope is that we may yet succeed in reuniting these men with their families and loved ones. Thanks again and God bless you.'
- P. 26 - "Throughout the DEA operation, private funds were used to pay expenses of the agents and to provide the ransom money. Yet, as discussed in Chapter ____, the use of non-appropriated funds to finance Government operations is inconsistent with the provisions of the Constitution requiring that all monies spent by the Government be appropriated by Congress. Numerous statutes and governmental accounting rules implement this law. A government official receiving money for the government from any source must deposit it in the Treasury; government agencies may not accept gifts of money; and government employees may not receive private funds for the performance of their governmental duties. To violate these laws creates

an obvious conflict of interest for the agents as well as privatizing governmental functions. The use of private money to finance the DEA operation broke each of these rules."

- P. 27 - "The evidence points towards the conclusion that the Attorney General approved the use of private funds for the ransom/resource operations. According to McFarlane, North was informed by the Attorney General that it was acceptable for Perot to contribute money to be used to bribe public officials and other individuals in Lebanon. McFarlane stated that Attorney General Meese had explicitly approved this action and told him he was 'keeping an eye on it.' North's testimony confirms McFarlane's account. North stated that he understood from the Attorney General that 'we couldn't use U.S. Government monies for those purposes [but] we could use outside monies.' North also recalled informing the Attorney General of the source of the money. Attorney General Meese, however, maintained that he was not aware of a 'plan to use private funds to ransom people in foreign countries,' nor did he recall addressing the issue of using appropriated or unappropriated funds to conduct the activity.'

McFarlane testified that Attorney General Meese had advised that while Government funds could not be used, private monies could be used to bribe foreign officials to free the hostages. Tarallo testified that Lawn told him that the Attorney General had personally approved Tarallo's participation in the NSC hostage effort. Tarallo told the Committees that Lawn had given him instructions that the DEA agents not handle the private money personally. But Tarallo could not say whether that directive was Lawn's own directive or whether he was simply conveying the Attorney General's instructions. Dwyer stated that North gave him the money-handling instructions and attributed them to the Attorney General."

- P. 30 - "President Reagan repeatedly has stated since 1981 that the United States would not pay ransom to terrorists who kidnapped Americans, as policy adhered to by Administrations of both parties over the years. There are practical reasons for such a policy. Clair George, the Deputy Director for Operations, stated: 'You don't trade for hostages . . . because now everybody is going to sell them for something.' Former Deputy Director of the CIA, John McMahon stated that ransom payments could become a source of funds for terrorists. When they 'run out of funds, they would kidnap the nearest U.S. businessman, get a ransom and then they'd fill their coffers for a year. When they needed more, they would ransom another one.'

The DEA operation had all these shortcomings plus an additional one: it was inconsistent with the simultaneous

effort to gain the release of the hostages through the Iranian initiative. It is reasonable to believe that the Lebanese hostage holders would be less likely to release the hostages at the request of Iran, at the same time they were being offered \$1 million a hostage in the DEA initiative.

There was little consideration of these factors. The DEA initiative was not discussed at a meeting of the NSC; there were no policy papers; and no consultation with the Secretary of State. Secord summed up the process when he testified that 'it did not occur to me at the time that these two [efforts] clashed,' but he acknowledged that 'they could have collided.' Some on the NSC staff characterized the payments to the hostages holders as 'bribes' not ransom, and the operation as a rescue, not a payoff."

- P. 32 - "During the 1985-1986 winter, North set into motion a series of projects involving Israel. These took advantage of the close working relationship North had developed with his counterpart in the Israeli Government, Amiram Nir, the adviser on terrorism to Prime Minister Peres."
- P. 33 - "Nir carried a proposal [in January 1986] that the profits Israel would generate from the Iranian arms sales would be used, in part, for a series of covert operations in Lebanon. These would include gathering intelligence on terrorist groups, seeking the release of American and Israeli hostages, extending American influence through local political alliances, and financing propaganda broadcasts from radio stations that would be operated covertly. North recorded in his notebooks that Nir had suggested on January 9 that, from the sale of the first 1,000 TOWs to Iran for \$10 million, \$2.5 million would be dedicated for 'Ops.' Each project received a code name in the sequence TA-1, TA-2, and so on. North told the Committees that the projects had not progressed beyond the planning stage and, therefore, he did not seek a presidential Finding authorizing any of these operations."
- P. 34 - "North testified that he discussed the Enterprise's role in these projects with Poindexter, but Poindexter said he did not recall such a conversation. The only evidence that the President knew of these sensitive projects appears in a September 15, 1986, memorandum from North to Poindexter. North asked Poindexter to brief the President on certain initiatives, including one of the proposed joint U.S.-Israeli covert operations. The memorandum stated that 'covert funds could be made available' for this operation, but the source of the funds was not disclosed. Poindexter noted in the memorandum that he approved North's recommendation to brief the President and that it was 'done.' Poindexter testified that he did not know or tell the President that the covert funds referred to by North were coming from the Enterprise."

P. 47 - "The Erria was in a sense a metaphor for the Enterprise -- a venture that began with ambitious expectations but accomplished nothing. But the fate of the Enterprise cannot obscure the danger of privatization of covert operations or the fact that the participants in the Enterprise had audacious plans for covert operations. Had the Enterprise been emboldened by success, and not frustrated by failure, the Committees can only conjecture with apprehension what other uncontrolled covert activities on behalf of the United States lay in store."

THE WHITE HOUSE

WASHINGTON

November 4, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR.

FROM: ALAN CHARLES RAUL 

SUBJECT: Declassification of Report: "Powers of Congress and the President in the Field of Foreign Policy"

This section of the Report is 21 pages long and arrived for declassification on November 2. The salient points are noted below:

P. 1 - "Under our Constitution, both the Congress and the Executive are given specific foreign policy powers. The Constitution does not name one or the other branch as the exclusive actor in foreign policy. Each plays a role in our system of checks and balances to ensure that our foreign policy is effective, sustainable and in accord with our national interests.

Key participants in the Iran/Contra affair had serious misconceptions about the roles of Congress and the President in the making of foreign policy. Poindexter testified, referring to his efforts to keep information about the covert action in support of the Contras from the Congress, 'I imply did not want any outside interference.' North testified, 'I didn't want to tell Congress anything' about this same covert action. In Poindexter's and North's view, Congress trespassed upon the prerogatives and policies of the President, and was to be ignored or circumvented when necessary. If Congress denied the President funds to implement his foreign policy, they believed that the President could, and should, seek funds from private parties and foreign governments. If Congress sought to investigate activities that were secretly taking place, they believed Executive branch officials could withhold information to conceal operations. These practices were required, in their judgment, to promote the President's policies.

The argument that Congress has but a minor role in foreign policymaking is contradicted by the language of the Constitution, and by over 200 years of history; it is also short-sighted and ultimately self defeating . . . these Committees have set forth the record of the misrepresentations, half-truths, and concealment employed by some within the Executive branch to prevent Congress from learning about the NSC staff's covert activities. Here, we note that the attitude that motivated this conduct was based

on a view of Congress' role in foreign policy that is without historical or legal foundation. American foreign policy and our system of government cannot succeed unless the President and Congress work together."

- P. 4 - "The only foreign policy powers expressly granted to the Executive in the Constitution are the powers to nominate Ambassadors, to negotiate treaties, and to direct the Armed Forces as Commander-in-Chief. Two of these powers are specifically conditioned on Senate approval: the Senate, through its power of advise and consent, can confirm or reject Ambassadors and ratify or reject treaties.

On the other hand, the Constitution expressly grants Congress the power to regulate foreign commerce, to raise and support armies, to provide and maintain a navy, and to declare war. Congress is given the exclusive power of the purse. The Executive may not spend funds on foreign policy projects except pursuant to an appropriation by Congress."

- P. 7 - "Judicial opinions, thus, have consistently recognized that Congress shares with the President powers in the conduct of foreign policy and also shares with him the right of access to, and the duty to protect, sensitive national security information.

"In urging a broad interpretation of presidential power, various witnesses before these Committees involve the Supreme Court's 1936 decision in United States v. Curtiss-Wright Corporation. Their reliance on this case is misplaced.

- P. 8 - ". . . The case involved the question of the powers of the President in foreign policy where Congress expressly authorizes him to act; it did not involve the question of the President's foreign policy powers when Congress expressly forbids him to act.

In Curtiss-Wright the Court upheld broad delegations by Congress of power to the President in matters of foreign affairs. Writing for the Court, Justice Sutherland said that legislation over the international field 'must often accord to the President a degree of discretion and freedom from statutory restriction which would not be admissible were domestic affairs alone involved.'"

- P. 9 - "Some have tried to interpret this passage as stating that the President may act in foreign affairs against the will of Congress. But that is not what it says. As Justice Jackson later observed, the most that can be drawn from Justice Sutherland's language is the intimation 'that the President might act in external affairs without congressional authority, but not that he might act contrary to an Act of

Congress.' More recently, in Dames & Moore v. Regan, the Supreme Court cautioned that the broad language in Curtiss-Wright must be viewed only in context of that case."

- P. 13 - "In testifying before these Committees, North and Poindexter indicated their view that whatever power Congress may have in foreign policy derived solely from its power of the purse. They reasoned that so long as public money was not expended, Congress had no role and the President was free to pursue his foreign policy goals using private and third-country funds."
- P. 14 - "North said the President 'was fully within his rights to send us off to talk to foreign heads of state, to seek the assistance of those foreign heads of state to use other than U.S. Government monies, and to do so without a finding.' Admiral Poindexter supported the concept of circumventing congressional opposition to the President's foreign policy by using nonappropriated funds:

'Congress has put some restrictions on the use of proposed funds. Those restrictions didn't apply to private funds. They didn't apply to third-country funds.

And the restrictions in the Boland Amendment, as I have said, did not apply to the NSC staff.'

These claims by North and Poindexter strike at the very heart of the system of checks and balances. To permit the President and his aides to carry out covert actions by using funds obtained from outside Congress undermines the Framers' belief that 'the purse and the sword must never be in the same hands.'"

- P. 16 - "Allowing foreign policy to be conducted with funds supplied by private parties and foreign governments opens the door to expectations to return favors and corruption of our system of government. Such schemes of financing undermine the powers of Congress as a coequal branch, subvert the Constitution, and can destroy the public's confidence in, and control over, government. Our whole system of law and government rejects this idea.

. . . As President Reagan told a joint session of Congress on April 27, 1983: 'The Congress shares both the power and the responsibility for our foreign policy.'"

- P. 18 - "In remarks to Admiral Poindexter near the end of Poindexter's testimony before these Committees, a Republican member of the House Select Committee highlighted the need for honest consultation where the Constitution divides power among branches of government: 'The reason for not

misleading the Congress is a practical one. It is stupid. It is self-defeating because while it may, in fact, allow you to prevail in the problem of the moment, eventually you destroy the President's credibility.'"

- P. 19 - "The Constitution divided foreign policy powers between the legislative and executive branches of government. That division of power is fundamental to our system, and acts as a check on the actions of each branch of government. Those who would take short-cuts in the Constitutional process -- mislead the Congress or withhold information -- show their contempt for what the Framers created. Short-cuts that bypass the checks and balances of the system, and excessive secrecy by those who serve the President, do not strengthen the President. They weaken the President and our Constitutional system of government."

THE WHITE HOUSE

WASHINGTON

November 6, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR.

FROM:

ALAN CHARLES RAUL *ACR*

SUBJECT:

Declassification of Report: "NSC Involvement
in Criminal Investigations and Prosecutions"

This section of the Report is 63 pages long and arrived for declassification on November 4. The salient points are noted below:

P. 1 - "During the period covered by the Boland Amendment, Federal law enforcement agencies conducted investigations that touched upon various aspects of the secret Contra support operation. Concerned that these investigations, if pursued, would expose the NSC staff's covert operations, North and Poindexter reacted by contacting the agencies involved. They sought to monitor investigations and, in some cases, to delay or impede their process by suggesting that national security was at stake. Confronted with such assertions from White House officials involved with the nation's security, law enforcement agencies understandably cooperated with the NSC staff by delaying some investigations, arranging to move a convicted foreign official whom North was afraid would disclose facts about the Contras to a minimum security prison, and giving Poindexter and North information about other investigations.

The Committees are aware of seven such episodes, three involving the United States Customs Service and four involving the Department of Justice. They represent an integral part of the NSC's staff efforts to keep their operations even from those with legitimate law enforcement interests."

P. 10, 22n - "North related to Spivey a number of stories supposedly showing support, both overt and covert, for various facets of the Enterprise. North's claims, the truth of which the Committees have been unable to verify, suggested that President Reagan, Attorneys General William French Smith and Edwin Meese, and others, engaged in various activities designed to impede the progress of investigations into North's activities and that the President had called Tom Posey a 'national treasure.' The Committees have been unable to corroborate any of North's claims related to Spivey."

- P. 18 - "According to [Assistant U.S. Attorney] Feldman, Castillo also spoke of North warmly as 'the person who introduced me to the President of the United States last week.'"
- P. 21 - "According to Liewant, when he arrived at Kellner's office with the printout [of the Boland Amendment], only Kellner, Barnett, and Feldman were present and Kellner was on the telephone talking to someone at the Department of Justice. According to Liewant, when Kellner hung up, he turned to Barnett, Feldman, and Liewant and said that the Department wanted them to 'go slow' on the investigation. Liewant could tell from Kellner's expression and tone of voice that Kellner was disdainful of that suggestion and had no intention of actually slowing the investigation."
- P. 22 - "If Liewant's account of this meeting is correct, the Department of Justice would appear to have been exerting improper influence to delay an investigation, albeit influence brushed aside by Kellner. But each of the other participants in the April 4 meeting deny that any such telephone conversation took place. Richard, Trott, Jensen, and Meese also deny that any telephone call like that described by Liewant occurred or that anyone, to their knowledge, attempted to slow the investigation at any time."
- P. 23 - "On April 12, Meese, along with Jensen and Revell, arrived in Miami to visit a number of FBI agents wounded in a shoot-out the day before. Kellner accompanied Meese on his visits.

During the day, Meese pulled him aside and asked him about the Garcia investigation. Kellner believes that he told Meese that there did not appear to be much substance to the assassination allegations, but that the gun running investigation was continuing. Kellner testified that Meese neither stated nor implied that the investigation should be slowed or conducted in any other particular manner.

Meese recalls asking Kellner about the matter, although he does not recall pulling Kellner aside to do so. Meese testified that he mentioned that case in particular because it had received attention by the press. Meese also denies that he attempted to affect the course of the investigation."

- P. 28 - "On August 29, 1986, Kellner told Feldman to suspend any further investigation on the matter until he (Kellner) returned from an impending trip to Washington. According to Feldman, Kellner told him that 'politics' were involved. Feldman found this statement surprising and disturbing, because it was the first, and only, time Kellner had indicated to him that such considerations were relevant. When Kellner returned from Washington shortly thereafter, he told Feldman to proceed.

Kellner confirmed Feldman's version of this incident. According to Kellner, shortly before he was to leave for Washington he received a letter from John Hull making serious allegations of impropriety by members of Senator Kerry's staff, who were also investigating Garcia's allegations. Hull also had included affidavits from some of the imprisoned mercenaries retracting some of their prior statements regarding gun running and Contra support. Kellner stated that he feared that he was being put into the middle of a political dispute, and wanted to talk to Mark Richard about the allegations before proceeding further. After that discussion, Kellner immediately authorized Feldman to proceed. Both Feldman and Richard confirmed this explanation."

- P. 30 - "Upon receiving approval from Kellner, Feldman proceeded with the investigation. The Independent Counsel subsequently declined to take over the case and Feldman was continuing to investigate the matter at the time he was deposed by the Committee . . . the NSC staff's undertook to persuade the Department of Justice to reward a 'friend' who had been convicted of plotting to assassinate a Central American leader. In that episode, the NSC staff's motive appears to have been a desire to prevent disclosure of certain questionable activities.

Brigadier General Jose Abendenzo Bueso-Rosa was Chief of the General Staff of the Honduran Armed Forces in the early 1980s. According to a North PROF to Poindexter, Bueso-Rosa was the Honduran military commander with whom North, Negroponte, General Gorman, and Dewey Clarridge arranged for bases for the Contras as well as overall logistics, training and support.

On January 9, 1985, Bueso-Rosa and the three other Hondurans were indicted in the Southern District of Florida for conspiracy to assassinate the President of Honduras."

- P. 33 - "The objective of this exercise, as North put it, was 'to keep Bueso from feeling like he was lied to in legal process and start spilling the beans.' Admiral Poindexter responded: 'You may advise all concerned that the President will want to be as helpful as possible to settle this matter.'"
- P. 36 - "Richard soon determined that neither Trott nor Kellner had any objection to redesignating Bueso-Rosa to [minimum security prison at] Elgin, as contemplated in the original court's recommendation and made the appropriate arrangements with the Bureau of Prisons."
- P. 40 - "An FBI agent interviewed North on July 18, 1985. According to the agent, North said that he had referred the

fake] prince to Miller because it was inadvisable (and potentially unlawful) for an NSC staff person to meet with an individual who planned to contribute funds to the Contras. North further informed the agent that the prince's interest in donating to the Contras was discussed by North personally with the President and with Robert McFarlane. North 'confidentially' advised the agent that the NSC staff had maintained indirect contact with the prince because of the Contras' desperate need for funds."

- P. 44 - "North attempted to exploit his contacts with the FBI to attempt to instigate or intensify investigations of people and organizations perceived as threats to the Enterprise. He was ultimately assisted in this effort by Richard Secord and Glen Robinette.

In early 1986, Secord had been the target of allegations that he was running guns and drugs between Central America and the United States. In May 1986, these allegations blossomed into a lawsuit filed in United States District Court for the Southern District of Florida. The lead plaintiffs in the action were reporters Martha Honey and Tony Avirgan, who were represented by the Christic Institute. The defendants included Secord, Thomas Clines, Theodore Shackley, and John Hull.

At some point after the lawsuit was filed, North again contacted Oliver Revell, this time to suggest that the federal government ought to investigate the plaintiffs because he thought they were probably being funded or supported by the Sandinistas. Revell told him that the FBI did not engage in that type of investigation."

- P. 46 - "On June 3, 1986, North met with FBI agents to discuss an investigation they had been conducting into allegations by North that he was the target of politically motivated vandalism and harassment, perhaps by foreign intelligence sources. At this meeting, North expressed his displeasure about the FBI's alleged lack of effort in the investigation. In particular, he complained that they had never contacted an NSC staffer who supposedly was the source of allegations linking North to drug traffic, had not investigated Daniel Sheehan of the Christic Institute, had not interviewed a reporter who claimed North had threatened him, had not examined allegations made by Senator Kerry against North, and had not attempted to interview Senator Durenberger and Representative Hamilton to determine the sources for allegations made against North about which they had raised questions. Despite these complaints, the FBI ultimately closed its investigation after concluding that none of North's complaints could be traced to foreign intelligence sources."

- P. 47 - "In March 1986, Secord had retained Glen Robinette, a security consultant and former CIA officer, to conduct a private investigation of some of the individuals ultimately involved in the Honey/Avirgan lawsuit. One of the people Secord singled out for such treatment was Jack Terrell, also known as 'Colonel Flaco.' Terrell had at one time been a pro-Contra mercenary associated with Tom Posey and CMA. He ultimately became disillusioned with the Contras, however, and began to cooperate with the plaintiffs in the lawsuit. He threatened to testify that North had helped provide secret funding to the Contras and that he, Terrell, had used CMA as a cover from which to carry out CIA-sponsored assassinations of Sandinista leaders."
- P. 48 - "In mid-1986, the FBI received information from a classified source that pro-Sandinista individuals might have been contemplating an assassination of President Reagan. The FBI suspected that Terrell might be involved and disseminated this information to the CIA, Secret Service, State Department, Department of Justice, and NSC.

Shortly thereafter, on July 15, 1986, Revell received a call from North, who indicated that he knew a person familiar with Terrell's activities and would make his contact available for debriefing."

- P. 50 - "The FBI decided to watch Terrell with Robinette's help. Although Robinette refused to wear a recording device, he reported back to the FBI after he met with Terrell. Shortly thereafter, Terrell went to Miami at the same time President Reagan visited Miami. Agents observed him there and concluded he was not a threat to the President. The FBI then terminated this investigation.

Summary

These seven episodes collectively show how the NSC staff, and North in particular, tried to prevent exposure of the Enterprise by law enforcement agencies. We do not mean to impugn the integrity of the law enforcement officials involved. Suggestions that national security could be compromised, coming from NSC aides, inevitably were given weight by law enforcement officials and led them on occasion to provide information to the NSC staff and to delay investigations. The fault lies with the members of the NSC staff who tried to compromise the independence of all enforcement agencies by misusing claims of national security."