



# The Contras, Cocaine, and Covert Operations

---

An August, 1996, series in the [San Jose Mercury News](#) by reporter Gary Webb linked the origins of crack cocaine in California to the contras, a guerrilla force backed by the Reagan administration that attacked Nicaragua's Sandinista government during the 1980s. Webb's series, "The Dark Alliance," has been the subject of [intense media debate](#), and has focused attention on a foreign policy drug scandal that leaves many questions unanswered.

This electronic briefing book is compiled from declassified documents obtained by the National Security Archive, including the notebooks kept by NSC aide and Iran-contra figure Oliver North, electronic mail messages written by high-ranking Reagan administration officials, memos detailing the contra war effort, and FBI and DEA reports. The documents demonstrate official knowledge of drug operations, and collaboration with and protection of known drug traffickers. Court and hearing transcripts are also included.

*Special thanks to the Arca Foundation, the Ruth Mott Fund, the Samuel Rubin Foundation, and the Fund for Constitutional Government for their support.*

## Contents:

- 
- [Documentation of Official U.S. Knowledge of Drug Trafficking and the Contras](#)
  - [Evidence that NSC Staff Supported Using Drug Money to Fund the Contras](#)
  - [U.S. Officials and Major Traffickers:](#)

[Manuel Noriega](#)  
[José Bueso Rosa](#)

- [FBI/DEA Documentation](#)
- [Testimony of Fabio Ernesto Carrasco, 6 April 1990](#)
- [National Security Archive Analysis and Publications](#)

Click on the document icon  next to each description to view the document.

---

## Documentation of Official U.S. Knowledge of Drug Trafficking and the Contras

The National Security Archive obtained the hand-written notebooks of Oliver North, the National Security Council aide who helped run the contra war and other Reagan administration covert operations, through a Freedom of Information Act lawsuit filed in 1989. The notebooks, as well as declassified memos sent to North, record that North was repeatedly informed of contra ties to drug trafficking.



In his entry for August 9, 1985, North summarizes a meeting with Robert Owen ("Rob"), his liaison with the contras. They discuss a plane used by Mario Calero, brother of Adolfo Calero, head of the FDN, to transport supplies from New Orleans to contras in Honduras. North writes: "Honduran DC-6 which is being used for runs out of New Orleans is probably being used for drug runs into U.S." As Lorraine Adams reported in the October 22, 1994 *Washington Post*, there are no records that corroborate North's later assertion that he passed this intelligence on drug trafficking to the U.S. Drug Enforcement Administration.



In a July 12, 1985 entry, North noted a call from retired Air Force general Richard Secord in which the two discussed a Honduran arms warehouse from which the contras planned to purchase weapons. (The contras did eventually buy the arms, using money the Reagan administration secretly raised from Saudi Arabia.) According to the notebook, Secord told North that "14 M to finance [the arms in the warehouse] came from drugs."



An April 1, 1985 memo from Robert Owen (code-name: "T.C." for "The Courier") to Oliver North (code-name: "The Hammer") describes contra operations on the Southern Front. Owen tells North that FDN leader Adolfo Calero (code-name: "Sparkplug") has picked a new Southern Front commander, one of the former captains to Eden Pastora who has been paid to defect to the FDN. Owen reports that the officials in the new Southern Front FDN units include "people who are questionable because of past indiscretions," such as José Robelo, who is believed to have "potential involvement with drug running" and Sebastian Gonzalez, who is "now involved in drug running out of Panama."



On February 10, 1986, Owen ("TC") wrote North (this time as "BG," for "Blood and Guts") regarding a plane being used to carry "humanitarian aid" to the contras that was previously used to transport drugs. The plane belongs to the Miami-based company Vortex, which is run by Michael Palmer, one of the largest marijuana traffickers in the United States. Despite Palmer's long history of drug smuggling, which would soon lead to a Michigan indictment on drug charges, Palmer receives over \$300,000.00 from the Nicaraguan Humanitarian Aid Office (NHAO) -- an office overseen by Oliver North, Assistant Secretary of State for Inter-American Affairs Elliott Abrams, and CIA officer Alan Fiers -- to ferry supplies to the contras.



State Department contracts from February 1986 detail Palmer's work to transport material to the contras on behalf of the NHAO.

---

## Evidence that NSC Staff Supported Using Drug Money to Fund the Contras

In 1987, the Senate Subcommittee on Narcotics, Terrorism and International Operations, led by Senator John Kerry, launched an investigation of allegations arising from reports, more than a decade ago, of contra-drug links. One of the incidents examined by the "Kerry Committee" was an effort to divert drug money from a counternarcotics operation to the contra war.

On July 28, 1988, two DEA agents testified before the House Subcommittee on Crime regarding a sting operation conducted against the Medellin Cartel. The two agents said that in 1985 Oliver North had wanted to take \$1.5 million in Cartel bribe money that was carried by a DEA informant and give it to the contras. DEA officials rejected the idea.



The Kerry Committee report concluded that "senior U.S. policy makers were not immune to the idea that drug money was a perfect solution to the Contras' funding problems."

---

## U.S. Officials and Major Traffickers

### Manuel Noriega

In June, 1986, the New York Times published articles detailing years of Panamanian leader Manuel Noriega's collaboration with Colombian drug traffickers. Reporter Seymour Hersh wrote that Noriega "is extensively involved in illicit money laundering and drug activities," and that an unnamed White House official "said the most significant drug running in Panama was being directed by General Noriega." In August, Noriega, a long-standing U.S. intelligence asset, sent an emissary to Washington to seek assistance from the Reagan administration in rehabilitating his drug-stained reputation.



Oliver North, who met with Noriega's representative, described the meeting in an August 23, 1986 e-mail message to Reagan national security advisor John Poindexter. "You will recall that over the years Manuel Noriega in Panama and I have developed a fairly good relationship," North writes before explaining Noriega's proposal. If U.S. officials can "help clean up his image" and lift the ban on arms sales to the Panamanian Defense Force, Noriega will "take care of" the Sandinista leadership for us."

North tells Poindexter that Noriega can assist with sabotage against the Sandinistas, and suggests paying Noriega a million dollars -- from

"Project Democracy" funds raised from the sale of U.S. arms to Iran -- for the Panamanian leader's help in destroying Nicaraguan economic installations.



The same day Poindexter responds with an e-mail message authorizing North to meet secretly with Noriega. "I have nothing against him other than his illegal activities," Poindexter writes.



On the following day, August 24, North's notebook records a meeting with CIA official Duane "Dewey" Clarridge on Noriega's overture. They decided, according to this entry, to "send word back to Noriega to meet in Europe or Israel."



The CIA's Alan Fiers later recalls North's involvement with the Noriega sabotage proposal. In testimony at the 1992 trial of former CIA official Clair George, Fiers describes North's plan as it was discussed at a meeting of the Reagan administration's Restricted Interagency Group: "[North] made a very strong suggestion that . . . there needed to be a resistance presence in the western part of Nicaragua, where the resistance did not operate. And he said, 'I can arrange to have General Noriega execute some insurgent -- some operations there -- sabotage operations in that area. It will cost us about \$1 million. Do we want to do it?' And there was significant silence at the table. And then I recall I said, 'No. We don't want to do that.'"



Senior officials ignored Fiers' opinion. On September 20, North informed Poindexter via e-mail that "Noriega wants to meet me in London" and that both Elliott Abrams and Secretary of State George Shultz support the initiative. Two days later, Poindexter authorized the North/Noriega meeting.





North's notebook lists details of his meeting with Noriega, which took place in a London hotel on September 22. According to the notes, the two discussed developing a commando training program in Panama, with Israeli support, for the contras and Afghani rebels. They also spoke of sabotaging major economic targets in the Managua area, including an airport, an oil refinery, and electric and telephone systems. (These plans were apparently aborted when the Iran-Contra scandal broke in November 1986.)

---

## **José Bueso Rosa**


Reagan administration officials interceded on behalf of José Bueso Rosa, a Honduran general who was heavily involved with the CIA's contra operations and faced trial for his role in a massive drug shipment to the United States. In 1984 Bueso and co-conspirators hatched a plan to assassinate Honduran President Roberto Suazo Córdoba; the plot was to be financed with a \$40 million cocaine shipment to the United States, which the FBI intercepted in Florida.


 Declassified e-mail messages indicate that Oliver North led the behind-the-scenes effort to seek leniency for Bueso . The messages record the efforts of U.S. officials to "cabal quietly" to get Bueso off the hook, be it by "pardon, clemency, deportation, [or] reduced sentence." Eventually they succeeded in getting Bueso a short sentence in "Club Fed," a white collar prison in Florida.

 The Kerry Committee report reviewed the case, and noted that the man Reagan officials aided was involved in a conspiracy that the Justice Department deemed the "most significant case of narco-terrorism yet discovered."

---


## **FBI/DEA Documentation**

 In February 1987 a contra sympathizer in California told the FBI he believed FDN officials were involved in the drug trade. Dennis Ainsworth, a Berkeley-based conservative activist who had supported the contra cause for years, gave a lengthy description of his suspicions to FBI agents. The bureau's debriefing says that Ainsworth agreed to be interviewed because "he has certain information in which he believes the Nicaraguan 'Contra' organization known as FDN (Frente Democrático Nacional) has become more involved in selling arms and cocaine for personal gain than in a military effort to overthrow the current Nicaraguan Sandinista Government." Ainsworth informed the FBI of his extensive contacts with various contra leaders and backers, and explained the basis for his belief that members of the FDN were trafficking in drugs.

 A DEA report of February 6, 1984 indicates that a central figure in the *San Jose Mercury News* series was being tracked by U.S. law enforcement officials as early as 1976, when a DEA agent "identified Norwin MENESES-Canterero as a cocaine source of supply in Managua, Nicaragua." Meneses, an associate of dictator Anastasio Somoza who moved to California after the Nicaraguan revolution in 1979, was an FDN backer and large-scale cocaine trafficker.

---

## **Testimony of Fabio Ernesto Carrasco, 6 April 1990**

 On October 31, 1996, the *Washington Post* ran a follow up story to the *San Jose Mercury News* series titled "CIA, Contras and Drugs: Questions on Links Linger." The story drew on court testimony in 1990 of Fabio Ernesto Carrasco, a pilot for a major Columbian drug smuggler named George Morales. As a witness in a drug trial, Carrasco testified that in 1984 and 1985, he piloted planes loaded with weapons for contras operating in Costa Rica. The weapons were offloaded, and then drugs stored in military bags were put on the planes which flew to the

United States. "I participated in two [flights] which involved weapons and cocaine at the same time," he told the court.

Carrasco also testified that Morales provided "several million dollars" to Octaviano Cesar and Adolfo "Popo" Chamorro, two rebel leaders working with the head of the contras' southern front, Eden Pastora. *The Washington Post* reported that Chamorro said he had called his CIA control officer to ask if the contras could accept money and arms from Morales, who was at the time under indictment for cocaine smuggling. "They said [Morales] was fine," Chamorro told the *Post*.

---

## National Security Archive Analysis and Publications

[Peter Kornbluh's Testimony at California Congressional Inquiry \(19 October 1996\)](#)

["Crack, Contras, and the CIA: The Storm Over 'Dark Alliance,'" from \*Columbia Journalism Review\* \(January/February 1997\)](#)

["CIA's Challenge in South Central," from the \*Los Angeles Times\* \(15 November 1996\)](#)

["The Paper Trail to the Top," from the \*Baltimore Sun\* \(17 November 1996\)](#)

[\*White House E-Mail: The Top Secret Computer Messages the Reagan/Bush White House Tried to Destroy\*](#)

[\*The Iran-Contra Scandal: the Declassified History\*](#)

---



*The National Security Archive,  
The Gelman Library, George Washington University  
2130 H Street, NW, Suite 701, Washington, DC 20037  
Phone: 202-994-7000 / Fax: 202-994-7005  
Internet: [nsarchiv@gwis2.circ.gwu.edu](mailto:nsarchiv@gwis2.circ.gwu.edu)*