

North's campaign re-opens issue of Contra drug-running

by Edward Spannaus

One of the unintended consequences of the ill-fated senatorial ambitions of Oliver North has been that, for the first time in seven years, the real issue of the "Contra" side of the Iran-Contra operation has been opened up to public scrutiny.

The issue of the Nicaraguan rebels, the so-called Contras—as *EIR* has reported since the early 1980s—is drug-running. And behind that, lurks the matter of George Bush's "secret government" apparatus which ran the Iran and Contra covert operations, along with many other operations, some known and some yet unknown. What North's defeated campaign accomplished, was to again put Contra drug-running, North's complicity in it, and the "secret government," into the public spotlight.

Not since 1986-87 has so much public attention been focused on this issue, which was buried by the congressional Iran-Contra investigation and by the Iran-Contra special prosecutor as well.

For example, the voluminous and extremely detailed Final Report of Iran-Contra special prosecutor Lawrence Walsh never deals with the drug issue. Yet, recently declassified files show that his office was in possession of large amounts of evidence on drug smuggling carried out by operatives involved in the Contra supply operation in the early and mid-1980s, but that the evidence and investigative leads were never pursued.

A portion of records from Walsh's office, formally known as the Office of Independent Counsel (OIC), are now available at the National Archives in Washington. The records contain a surprising amount of information on drug-trafficking by pilots and others involved in the Contra resupply operation, an operation being run by North and others under the direction of the office of Vice President George Bush.

The OIC files include additional information on two cases which were publicized in the mid-1980s—those of drug pilots Michael Palmer and Michael Toliver.

Castillo's leads ignored

The newly disclosed records also confirm the account that former Drug Enforcement Administration (DEA) agent Celerino Castillo gave to *EIR* in September, of his contacts with Walsh's office regarding drug-smuggling by North's Contra supply operation (see *EIR*, Sept. 23, p. 50).

The OIC records, of which Castillo himself was not aware until recently, show that FBI Special Agent Michael Foster went to San Francisco and conducted an extensive interview of Castillo, and that Foster interrogated Castillo concerning many figures involved in the Contra operation, including Donald Gregg, George Bush, and Felix Rodriguez. The FBI "302" record of the interview states that Castillo "believes that North and the Contra resupply operation at Ilopango [air base in El Salvador] were running drugs to raise money for the Contras. Many of the resupply pilots were drug-traffickers."

The records also show that, three days later, DEA officials contacted Craig Gillen, the prosecutor in charge of "continuing investigations" for Walsh, in a not-so-subtle attempt to discourage Walsh's office from pursuing its contact with Castillo.

FBI agent Foster wrote a memo to Gillen on Oct. 10, 1991, in which he reported on his interview, and stated: "Castillo provides a lot of new background information and some significant leads that I think should be pursued." Foster also cautions that they should be "a little skeptical as well," partly because of DEA internal investigations of Castillo.

The OIC files confirm that there was almost no follow-up of Castillo's leads. Foster made some effort to try to bring Castillo's two informants from El Salvador to the United States, but nothing came of it. The only other action reflected in the released records was an interview with Wally Grasheim ("William Brasher" in Castillo's book *Powder Burns: Cocaine, Contras, and the Drug War*), the confederate of North whose house was raided by Salvadoran police in September 1986; massive amounts of illegal weapons and explosives were found. Grasheim handled money, training, and equipment for the Contras.

Six months prior to Castillo's contact with Walsh's office, OIC investigators reviewed four folders of DEA files on Grasheim. A March 28, 1991 memo by Walsh's staff notes that the primary DEA case file "contained the principal DEA-6 reports prepared by SA Celestino [sic] Castillo." The memo also cites another DEA-6 by a second DEA agent with information from a source "claiming to have information regarding involvement by persons working for the Contra rebel forces in narcotics-trafficking."

After hearing about the newly released records, former

agent Castillo remarked that they disprove the DEA's recent contention that the agency has no reports implicating North's Contra operation in drug-trafficking. Castillo said that the failure of Walsh's office to pursue this information shows the need for a new congressional investigation of the coverup of drug-smuggling by North's operation. Castillo added that a number of agents from DEA and other agencies are willing to testify for such an investigation.

The Michael Palmer case

The OIC files contain new information on another case, also involving guns-for-drugs. This is the case of Michael Bernard Palmer, a former Delta Airlines pilot, CIA and DEA informant, head of a billion-dollar drug-smuggling ring, and a recipient of State Department contracts to fly "humanitarian" aid to the Contras.

Some of the Palmer story was told to the "Kerry Committee" (the Senate Foreign Relations subcommittee dealing with terrorism and narcotics) in 1987, and it was briefly described in the 1988 Kerry Report. That report comments that an indictment of Palmer was dropped as "not being in the interests of the United States," and describes this as an instance of U.S. government agencies (State Department, DEA, and Customs) working at cross-purposes with each other.

Much more information about the Palmer case is contained in documents provided to Walsh's office by a convicted partner of Palmer, Justin Adams. Adams, a federal prison inmate, contacted the OIC and spoke to FBI agent Foster on a number of occasions. Foster took Adams seriously enough that he would accept collect calls from him, and Walsh's associate prosecutor Gillen wrote a favorable letter on Adams's behalf for Adams's sentence-reduction hearing.

Adams told FBI agent Foster that he had been set up to "take the fall" for Palmer, and that Palmer had threatened to expose the North operation. Although the local federal prosecutor in Detroit refused to dismiss the indictment against Palmer, it was dismissed by Bush's first Attorney General, Richard Thornburgh.

From the documents (which contain some deletions), it appears that Adams told FBI agent Foster that Felix Rodriguez was coordinating flights in and out of Homestead Air Force Base in Florida, which "took arms to the Contras and drugs back to the United States."

In his summary of a May 8, 1991 telephone interview with Adams, Foster wrote: "Adams believes this is an example of how the U.S. government was sanctioning drug dealing in order to provide aid to the Contras and for other purposes. Adams does not know definitely, but he believes this sanction must have come from up high because [deleted] was a former or current Central Intelligence Agency official who has been publicly identified as being close to Oliver North, Donald Gregg, and George Bush."

It is almost certain that the deleted name is that of Felix

Rodriguez, because Adams called Foster after hearing that Rodriguez was appearing before a grand jury in Washington, and it is well-documented that Rodriguez's operations in support of the Contras were directed out of Bush's office via another former CIA official, Don Gregg.

The OIC files show that a number of references to Palmer and his Vortex Aviation were also found in a computer database search of entries in North's notebooks.

Another interesting feature of the Palmer case, as described in OIC files, is that a number of drug deliveries of marijuana and cocaine were made through Big Bend National Park, on the Texas-Mexico border. (This information is consistent with the role of national parks as "protected areas," as portrayed in *EIR*'s Oct. 28 *Special Report* on "The Coming Fall of the House of Windsor.")

Walsh's explanation

Contacted by *EIR* on Nov. 6, Walsh explained why his investigation had not taken up the narcotics-trafficking issue. At the time much of this information became available in 1991, Walsh said, "We were trying to direct our investigation inward and upward in the [Reagan-Bush] administration, and not out into the periphery that could be handled equally well by a regular U.S. Attorney."

There are a couple of difficulties with this explanation. First, it has been documented that the White House and Justice Department intervened to block a number of drug investigations being pursued by federal prosecutors in the mid-1980s when those investigations threatened to expose covert operations being run by the White House. Second, once Walsh's investigation was under way, any U.S. Attorney investigating areas which overlapped with Walsh's investigation would have found himself in a thicket of competing jurisdictions and witnesses. As one knowledgeable investigator told *EIR*, a lot of these cases "just fell between the cracks."

North was never cleared

In a statement issued on Oct. 25, "in response to inquiries regarding Oliver North," Walsh said that a long-term investigation of drug-trafficking allegations "would have diverted my staff from its investigation of crimes more central to high-ranking government officers. Our principal responsibility was criminal activities by government officials and those working closely with them, rather than personnel in the field who were subject to prosecution by regularly appointed prosecutors. Because of these limitations, it is inappropriate to suggest that our non-action constituted an exoneration of anyone."

The latter comment was clearly a reference to North's frequent claim that he had been "cleared" by Walsh of drug-trafficking allegations, and North's slogan that "I am the most investigated man on this planet." He isn't so far, but that could change, in light of what was stirred up by his election campaign.