

\*01 NSJHP --CPDA

\*\*\* Reply to note of 05/08/86 10:54  
 NORZ FROM: OLIVER MORTON  
 Subject: Iran

**VICAPAGUA:** You will recall that over the years Manuel Noriega in Panama and I have developed a fairly good relationship. It was Noriega who had told me that Panama would be willing to accept Marcos - a plan that got fouled up by a bungled approach to DelValle. Last night Noriega called and asked if I would set up a man he trusts - a respected Cuban American - the president of a college in Florida. He flew in this morning and he outlined Noriega's proposal: In exchange for a promise from us to "help clean up his (Noriega's) image" and a commitment to lift our ban on FMS sales to the Panamanian Defense

and undertake to "take care of" the Sandinista leadership for us. I told the messenger that such actions were forbidden by our law and we countered that Noriega had numerous assets in place in Nicaragua that could accomplish many things that would be essential and that after all, Noriega had helped us with the operation last year that resulted in the EPS arsenal explosion and fire in Managua and that without any more of these kinds of actions, a contra victory was out of the question. I thanked the emissary for his message and told him that we would get back to him. The emissary told me that I should go directly to Noriega if there were any messages back, that his instructions were limited to delivering the message to me. I have checked with our friends who ran the Managua Op and they now inform me (but had not at the time) that they did indeed use a Panamanian civilian ordnance expert as the means of access to the storage facility. Interesting. My sense is that this is a potentially very useful avenue, but one which would have to be very carefully handled. A meeting with Noriega could not be held on his turf - the potential for recording the meeting is too great (you will recall that he was

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head of intelligence for the PDF before becoming CG). My last meeting with Noriega was in June on a boat on the Potomac. Noriega travels frequently to Europe this time of year and a meeting could be arranged to coincide with one of my other trips. My sense is that this offer is sincere, that Noriega does indeed have the capabilities proffered and that the cost could be borne by Project Democracy (the figure of \$18 was mentioned) if other FC activities do indeed proceed as planned. If, as in the past, Noriega refuses to deal with the CIA, we might have available a very effective, very secure means of doing some of the things which must be done if the Nicaragua project is going to succeed. The way it is being approached now, these kind of internal actions will not materialize until late next year - far too late to be effective when they are needed now. The proposal seems sound to me and I believe we could make the appropriate arrangements with reasonable OPSRC and deniability. Reg advise.