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ORIGINAL

HEARINGS

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE  
TO IRAN AND THE NICARAGUAN OPPOSITION

# UNITED STATES SENATE

DEPOSITION OF OTTO J. REICH

Wednesday, July 15, 1987

Washington, D.C.

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DEPOSITION OF OTTO J. REICH

Wednesday, July 15, 1987

United States Senate

Select Committee on Secret

Military Assistance to Iran

and the Nicaraguan Opposition

Washington, D. C.

Deposition of OTTO J. REICH, called as a

witness by counsel for the Select Committee, at the

offices of the Select Committee, Room SH-901, Hart Senate

Office Building, Washington, D. C., commencing at 10:08

a.m., the witness having been duly sworn by MICHAL ANN

SCHAFFER, a Notary Public in and for the District of

Columbia, and the testimony being taken down by Stenomask

by MICHAL ANN SCHAFFER and transcribed under her

direction.

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1 APPEARANCES:  
 2 On behalf of the Senate Select Committee on Secret  
 3 Military Assistance to Iran and the Nicaraguan  
 4 Opposition:  
 5 TERRY SMILJANICH, ESQ.  
 6 Associate Counsel  
 7 On behalf of the House Select Committee to  
 8 Investigate Covert Arms Transactions with Iran:  
 9 THOMAS FRYMAN, ESQ.  
 10 Staff Counsel  
 11 On behalf of the House Foreign Affairs Committee:  
 12 SPENCER OLIVER, ESQ.  
 13 Associate Chief Counsel  
 14 On behalf of the witness:  
 15 MARK H. TUOHY, III  
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 9 1 81  
 10 2 117

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## P R O C E E D I N G S

1  
2 Whereupon,

3 OTTO J. REICH,

4 called as a witness by counsel on behalf of the Senate  
5 Select Committee and having been duly sworn by the Notary  
6 Public, was examined and testified as follows:

## E X A M I N A T I O N

7 BY MR. SMILJANICH:

8 Q State your name for the record, please.

9 A Otto J. Reich.

10 Q Ambassador Reich, my name is Terry Smiljanich.  
11 I am Associate Counsel with the Senate Select Committee  
12 on the Iran-Contra matter. I want to ask you a series of  
13 questions concerning your tenure as Director of the  
14 Office of Public Diplomacy, also your ambassadorship in  
15 Venezuela, matters as they bear upon things that may be  
16 relevant to our Committee.  
17

18 This is a joint deposition. Present also is  
19 Spencer Oliver and Tom Fryman on behalf of the House  
20 Committee investing the same matters. We are doing this  
21 all together so we can avoid duplication and calling you  
22 back for one, two, three depositions.

23 If there's anything that I ask you that you  
24 are not clear about, what my question means or what it's  
25 about, please let me know and I'll be happy to rephrase

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1 it for you. And if you want to take a break at any time,  
2 let me know. I don't anticipate this is going to go on  
3 very long, but if you do want to take a break, just let  
4 me know.

5 A I appreciate it.

6 Q Would you give us the benefit of a brief  
7 synopsis of your background, starting with your highest  
8 level of education and then your various employments and  
9 levels of employment?

10 A I have a master's degree from Georgetown  
11 University. That's the highest level of education.

12 My employment started before that. After  
13 graduation from the University of North Carolina I joined  
14 the U.S. Army. I went through officer candidate school.  
15 After becoming a lieutenant I was assigned to the Panama  
16 Canal -- it was then called the Panama Canal Zone -- for  
17 two years, came back and went to graduate school.

18 While going to graduate school I worked on the  
19 Hill for a Congressman from Missouri part time to  
20 supplement my income and my GI Bill -- W. R. Hull.  
21 Finished graduate school, moved to Florida, went into  
22 business with an old Army colleague, an import-export  
23 business in Miami importing seafood from various parts of  
24 the Caribbean and Central America for about a year. That  
25 didn't work out financially, so I joined the State of

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1 Florida Department of Commerce as an international  
2 representative.

3 I'm giving you the major jobs. You don't want  
4 to know that I worked in a shoe store and things like  
5 that.

6 Q No. This is fine.

7 A I did a lot of that, too. Joined the State of  
8 Florida Department of Commerce in 1973. I worked with my  
9 friend from '72 to '73. '73 to '75 was international  
10 representative of the State of Florida Department of  
11 Commerce based in Coral Gables, Florida.

12 In '75 I was hired by the City of Miami as the  
13 community development coordinator, which is in effect  
14 economic development coordinator, until '76, when I was  
15 offered a job and accepted the job of Deputy Director of  
16 the Washington office of the Council of the Americas.  
17 It's a non-profit association dealing with U. S.  
18 corporations, membership of U.S. corporations, dealing  
19 with Latin America, and I became Director of the  
20 Washington office in '77, a year later, when the Director  
21 left.

22 I had that job until '81, when I was appointed  
23 as Assistant Administrator of the Agency for  
24 International Development. I was confirmed by the Senate  
25 in early '82. I held that job until approximately

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1 July 1. I say approximately because there is about  
2 three different dates when the Office of Public Diplomacy  
3 was created by the National Security Council. I think it  
4 officially became an office on July 1 of '83.

5 I had that job until the President named me  
6 Ambassador to Venezuela. The official designation was  
7 January of '86, but he had actually signed my papers  
8 August of '85. I had a hard time getting confirmed. I  
9 was attacked by all sides, which I think helped me a  
10 great deal. I was sworn in in May and moved on to  
11 Venezuela in May right after confirmation. I have been  
12 Ambassador to Venezuela since then.

13 Q Okay. Your appointments, starting with 1981,  
14 Assistant Administrator, on to LPD, and then Ambassador  
15 to Venezuela, these are all political appointments?

16 A They are political appointments, correct.

17 Q Now what was your specific role as Assistant  
18 Administrator of AID? Were you the administrator?

19 A I was the administrator for Latin America and  
20 the Caribbean. It's the equivalent of an Assistant  
21 Secretary. It's Assistant Administrator. I was the  
22 counterpart of what would today be Elliott Abrams and at  
23 that time was Tom Enders.

24 Q And then when you became Director of the  
25 Office of Public Diplomacy you started off as the

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1 Director; is that right?

2 A I started out as the staff.

3 Q You were the entire staff?

4 A I was the entire staff, right.

5 Q At that time -- the acronym is LPD, right?

6 A At that time it was S/LPD because it was in  
7 the office of the Secretary. We can call it LPD if you  
8 want.

9 Q Let's refer to it as LPD.

10 A It's a lot shorter.

11 Q Because at some point later in time the office  
12 was transferred from the Secretary?

13 A That's correct, after I left.

14 Q Transferred from the Secretary's office over  
15 to Elliott Abrams?

16 A That's correct.

17 Q So, thereafter the acronym, instead of S/LPD  
18 is what?

19 A Thereafter ARA/LPD.

20 Q And when you were directly under the  
21 Secretary, who was your immediate supervisor?

22 A On paper, George Shultz. When I say on paper,  
23 there is actually a piece of paper that says, that  
24 designates George Shultz as your supervisor.

25 Q So you would report, if you needed to report

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1 to anybody above you, directly to the Secretary?

2 A If I can clarify that, knowing the Secretary's  
3 time constraints I usually would report to the Deputy  
4 Secretary, who most of the time when I was there was Ken  
5 Dam.

6 Q How did your appointment to S/LPD come about?  
7 How did it happen?

8 A During the time that I was Assistant  
9 Administrator of AID we had a very large increase in our  
10 aid programs for Latin America. I didn't think -- I  
11 mean, that was my job, to carry that out, implement that  
12 program. I always complained that I thought the  
13 Administration was doing a very poor job of letting the  
14 rest of the world, including the American people, know  
15 what we were doing. Frankly, nobody really cares very  
16 much about foreign aid. There's a few Members of  
17 Congress -- Dante Fascell being one, for example -- who  
18 always cared.

19 And I wasn't under any illusions that we were  
20 going to be able to get a lot of people interested in the  
21 subject, but what concerned me more was that I knew we  
22 were carrying out doing certain things in Latin America,  
23 particularly Central America, which I thought were very  
24 good for the United States and for democracy in the  
25 region -- the land reform program in El Salvador, for

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1 example, smaller land reform programs in Guatemala,  
2 Honduras, Costa Rica, et cetera -- and there were a lot  
3 of aspects of the policy also not related to AID where I  
4 thought the Administration was doing a very poor job in  
5 informing the Congress and the American people.

6 So perhaps as a result of all this complaining  
7 they said, fine. You go and fix it. How would you like  
8 to do this? Actually I have to go back a few months from  
9 the time that I got that job. Senator Richard Stone -- I  
10 wasn't the only one complaining. Everybody in the  
11 Administration, a lot of people, knew what a lousy job we  
12 were doing in communicating -- or let me put it this way  
13 -- not what a lousy job, because I think we were probably  
14 trying, but that we could be more effective.

15 Sometime in early '83, former Senator Richard  
16 Stone of Florida was given the title of Special Assistant  
17 to the President for Public Diplomacy or something to  
18 that effect. I'm not certainly exactly what he was  
19 called. He had that job only a few months because in, I  
20 believe, April, late April of '83 President Reagan  
21 addressed a joint session of the Congress where he said  
22 we've got a big problem here, folks, I need your help --  
23 "folks" being both the Congress and the American people.

24 Shortly thereafter, a few days thereafter,  
25 Stone was named the special envoy for Central America,

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1 which was one of several things that President Reagan  
2 announced at the time he was going to do. That left a  
3 vacancy in this position and I was selected then sometime  
4 between April and June to succeed Stone, but with a  
5 little different role in that the position instead of  
6 being at the White House was placed in the Office of the  
7 Secretary of State.

8 Q Okay. And when you started up your function,  
9 this would have been in July of '83?

10 A Correct.

11 Q Did you then have a budget with which to  
12 create a staff or anything?

13 A No.

14 Q How did you go about creating a staff at LPD?

15 A The memorandum from the National Security  
16 Council which created the office authorized the office to  
17 obtain personnel from State, Defense, AID and USIA, with  
18 the State Department providing the bulk of the budget,  
19 office space, logistical support. So I started  
20 recruiting people. A lot of people volunteered.

21 Q You mean like pulling them from a Defense slot  
22 or AID?

23 A That's right. There were many volunteers.  
24 There were people who wanted to get into this because  
25 they thought it was something exciting, different, for

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1 whatever reason, and there were some that I specifically  
2 knew were either very knowledgeable about Central  
3 America, knew the issues, or were particularly good  
4 writers or articulate spokesmen.

5 I tried to choose people with the skills that  
6 a public outreach, public diplomacy operation would need.  
7 That took quite a few months. Frankly, I don't think we  
8 were up to speed for about a year.

9 Q When you finally got up to full speed how big  
10 was your staff?

11 A I believe that we got up to about 19, 20  
12 people -- 18, 19, 20 people.

13 Q And who was your principal deputy?

14 A I had two deputies -- John Blacken, a career  
15 Foreign Service Officer.

16 Q How do you spell Blacken?

17 A Like black-a-n.

18 Q He was career Foreign Service?

19 A He was career Foreign Service, a member of the  
20 Senior Foreign Service. And the other deputy was  
21 Jonathan Miller. You've heard his name.

22 Q Between the two of them how were their  
23 responsibilities divided?

24 A Basically sort of Mr. Inside and Mr. Outside.  
25 John Blacken was responsible for keeping the enormous

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1 amount of information that was flowing into the office  
2 flowing. He was responsible for keeping it coming in,  
3 making sense out of it, and producing, culling out all  
4 the stuff we didn't need and producing the documents that  
5 became, I would say, the principal activity of the  
6 office, producing documents, speeches, publications,  
7 background papers -- you've probably seen a lot of the  
8 stuff -- and also making sure that we would get  
9 additional -- if we needed something, he would try to  
10 find it, not only in the State Department but also in the  
11 other parts of the Executive Branch, whereas Miller was  
12 more the outside person.

13 He dealt with outside groups. We had a lot of  
14 outside groups who came to us for information, who were  
15 referred to us by other parts of the government,  
16 particularly the White House. There were a lot of people  
17 who wanted help or wanted to criticize or wanted to  
18 contribute ideas, information, and, as you know, there  
19 are a lot of groups in Washington that were set up both  
20 for and against the policy -- a lot more against than  
21 for.

22 Q Let me interrupt here for just a second. When  
23 you say "the policy", are you referring to overall Latin  
24 American policy or was there a particular focus within  
25 the Latin American policy?

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1 A Both. The reason why the office was  
2 designated as the Office of Public Diplomacy for Latin  
3 America and the Caribbean was because we didn't want to  
4 just limit it to Central America, and in fact, for  
5 example, the office was in operation at the time of the  
6 Grenada rescue mission or invasion, whatever you want to  
7 call it, and we did a lot on Grenada. We put out most of  
8 the documents that eventually told the story, as we saw  
9 it, of what happened in Grenada.

10 Q It would be fair to say, though, that one of  
11 the primary major focuses of your public diplomacy effort  
12 was geared toward the Administration's Central American  
13 program, particularly vis-a-vis the Sandinistas' presence  
14 in Nicaragua?

15 A It would be fair to say the first part of your  
16 statement, and eventually the second part, but if we go  
17 back in time to '83, in 1983 and 1984 the principal issue  
18 of debate in the public and in the Congress was El  
19 Salvador, not Nicaragua. Nicaragua became the principal  
20 issue really sometime after the Congress approved the  
21 President's request for El Salvador and after the  
22 Salvadoran elections in the spring and summer. There  
23 were two elections because there had to be a runoff --  
24 the spring and summer of '84.

25 Then the focus of attention nationwide shifted

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1 -- it was almost overnight -- to Nicaragua. And,  
2 therefore, the requests that came into the office and the  
3 demand for information shifted more to Nicaragua. But  
4 that doesn't mean that we weren't already working on it.  
5 We knew it existed.

6 Q Who was the perceived audience of your efforts  
7 at public diplomacy?

8 A We had a lot of audiences, foreign and  
9 domestic -- foreign governments, friendly governments who  
10 we felt did not have enough information about the policy,  
11 general publics, interested groups, and domestic, of  
12 course. I would say the Congress and the press. I'm not  
13 putting them in order of priority because one day it  
14 would be one and another day another. The Congress, the  
15 media, let's say, interested groups, people who had  
16 expressed an interest in the subject and, I'd say, the  
17 general public.

18 Q Okay. Getting information together and  
19 presented to the Congress was part of what you perceived  
20 as your function?

21 A Yes.

22 Q Let's go to the end of your tenure there, when  
23 you left for Venezuela in January of '86.

24 A Well, when I left the office.

25 Q When did you actually leave -- when did you

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1 actually cease functioning as Director?  
 2 A January of '86. There was a period when I had  
 3 to prepare for my confirmation hearings and I had to  
 4 leave the office.  
 5 Q During that time one of your deputies took  
 6 over?  
 7 A Yes. John Blacken.  
 8 Q John Blacken took over your day-to-day  
 9 functions?  
 10 A That's correct.  
 11 Q Was Jonathan Miller still a deputy at that  
 12 time?  
 13 A No.  
 14 Q When did he leave?  
 15 A He left around Labor Day of 1985.  
 16 Q And he went to the White House?  
 17 A That's correct.  
 18 Q And what was his title there?  
 19 A Well, he went to the NSC.  
 20 Q Specifically the NSC?  
 21 A He went to the NSC and I believe his title was  
 22 Deputy Executive Secretary of the NSC, but we'd have to  
 23 check on that exactly.  
 24 Q I think that's right, and that was Labor Day,  
 25 approximately September?

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1 A When I say Labor Day, I remember it was around  
 2 that time. I think it was either right before or right  
 3 after -- early September, I believe it was.  
 4 Q Who took his place as Mr. Outside, so to  
 5 speak?  
 6 A Nobody. I was going to explain what happened.  
 7 Q Well, go ahead and tell me. Go ahead and  
 8 explain what you did.  
 9 A I started to hire a successor and it took so  
 10 long that the successor did not arrive until after I was  
 11 gone.  
 12 Q Now when did you first make the acquaintance  
 13 of Lieutenant Colonel North?  
 14 A Sometime in 1983.  
 15 Q And how did that come about? He was one of  
 16 the Latin America people at the NSC?  
 17 A I think it was probably in a meeting when I  
 18 first came across him -- some kind of a meeting or  
 19 something like that.  
 20 Q Was he involved at all in the discussions  
 21 leading up to the creation of LPD?  
 22 A No, not to my knowledge. Not that I know of.  
 23 Q Okay. Now let's talk about a few of the  
 24 contracts that LPD entered into. First of all, were you  
 25 the contracting officer, so to speak, for LPD?

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1 A No.

2 Q Who was?

3 A We had different contracting officers. I made  
4 the decisions eventually -- we need this, we need that,  
5 let's find somebody who can do it -- but by State  
6 Department regulations there has to be a contracting  
7 office technical representative I believe it's called, or  
8 some kind of liaison officer, and it was never me.

9 I just didn't have the time to supervise  
10 contractors. I was trying to manage all of our inside  
11 staff, our in-house staff, and doing a lot of traveling  
12 because I was out on the road a lot.

13 Q I realize that this is a broad question so I  
14 would expect a broad answer. What types of contracting  
15 services did you find yourself contracting out in generic  
16 terms?

17 A Usually we would contract out for services  
18 that we couldn't produce in house because we didn't have  
19 the manpower. As you said, at the beginning of the  
20 office it was just me. For the first year we were very  
21 much understaffed. We were promised people from other  
22 agencies and they eventually arrived, but in some cases  
23 it took six months. I can give you names of people it  
24 took six months to arrive.

25 During that time -- sometime during that time

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1 -- I was told you can hire contractors, you know, to do  
2 some of this work.

3 Q Who told you that?

4 A Different people. I can't remember their  
5 names -- State Department people. I believe some  
6 detailees, some people who had already arrived in the  
7 office and who knew the conditions we were working under  
8 and, frankly, who were suffering under those conditions  
9 and said we need help. We were swamped with requests for  
10 information. Once the office was created, people thought  
11 oh, there's a great resource. Let's use it. And they  
12 didn't realize we couldn't produce.

13 So when I found out we could go out for people  
14 who could help us write papers, check information for us,  
15 you know, do the things that we eventually learned to do  
16 ourselves, then I went out and hired them.

17 Q How you say you didn't have a budget as  
18 Director of LPD.

19 A In the first year.

20 Q And the first year would be July of '83 to  
21 July of '84?

22 A That's right.

23 Q When did you first start contracting services?  
24 I realize you don't have documents in front of you. I'm  
25 just asking for your best recollection.

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1 A I can't remember when our first contract --

2 Q Was it within the first year?

3 A I would say it was within the first calendar  
4 year -- I should say fiscal year, July to July --  
5 definitely in the first year. I don't remember when our  
6 first contract was. The thing on the budget --

7 MR. OLIVER: Can we go off the record for just  
8 a minute?

9 (A discussion was held off the record.)

10 THE WITNESS: What I wanted to clarify was I  
11 didn't want to leave you with the impression my office  
12 had no budget at first. It didn't have an independent  
13 budget. But we could use the budget of the Office of the  
14 Secretary, and did, up until the time when we had our own  
15 budget. And I frankly don't remember when that was  
16 either. I believe it was fiscal year '84. I believe  
17 that fiscal year '84, which would have been October of  
18 '84, was when we first had some money of our own.

19 But up until then, for example, if I had to  
20 travel I would travel on S Bureau funds.

21 BY MR. SMILJANICH: (Resuming)

22 Q And if you wanted to contract for services  
23 during that initial time period you had to make sure that  
24 the money was available in the S budget?

25 A Yeah, sure. We went through the proper

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1 procedures, just like a travel voucher.

2 Q Just very generally let me look here. I have  
3 a few of these IBC contracts here, and the earliest one I  
4 have here -- Spencer is bringing us a more complete file  
5 that he may want to refer to -- but the earliest one I  
6 have here was signed in February of 1984. You might take  
7 a look at that cover there. That's just the first  
8 document there.

9 MR. TUOHEY: Terry, are you going to mark this  
10 as an exhibit?

11 MR. SMILJANICH: No.

12 MR. OLIVER: Isn't that a Frank Gomez  
13 contract, not an IBC?

14 BY MR. SMILJANICH: (Resuming)

15 Q Yes.

16 A In fact, that may be the first outside  
17 contract we had. I don't recall.

18 Q That's what I was going to ask you.

19 (Pause.)

20 MR. TUOHEY: Terry, are you going to ask  
21 questions about this contract?

22 MR. SMILJANICH: I'm not going to get into the  
23 details, no, but if anybody does he can certainly refer  
24 to it.

25 MR. TUOHEY: What I'm saying is we won't take

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1 the time to read it now.

2 MR. SMILJANICH: I don't really need him to.

3 BY MR. SMILJANICH: (Resuming)

4 Q My first question about this is, do you recall  
5 whether or not this was the first or one of the first  
6 outside contracts that LPD would have --

7 A It certainly was one of the first.

8 Q Now the contract is specifically between LPD  
9 and Frank Gomez.

10 A That's correct.

11 Q Now did you know Mr. Gomez at that time?

12 A At this time, yes.

13 Q How did you first make his acquaintance?

14 A My recollection is that I first met him after  
15 I became the coordinator of public diplomacy on the  
16 occasion of a briefing that I gave the USIA Foreign Press  
17 Center. If I'm not mistaken, he was the director at that  
18 time of the USIA Foreign Press Center. I was introduced  
19 to him. He took me out to meet the press. I gave my  
20 briefing and we said goodbye.

21 I may have met him another time. I have this  
22 recollection that around the time of the Grenada  
23 operation, which would have been October -- the first  
24 encounter would have been July or August --

25 MR. TUOHY: Of what year?

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1 THE WITNESS: Of '83. And then I think in  
2 October again when I went to brief the press -- I went to  
3 brief the press several times. I'm not sure he was there  
4 every time. So I met him, I think, a couple of times but  
5 I'm not even sure that it was a couple of times. It was  
6 at least once, so that's when I met him.

7 BY MR. SMILJANICH: (Resuming)

8 Q At that time was he associated with Richard  
9 Miller?

10 A No. Not to my knowledge.

11 Q Now how did this particular contract come  
12 about? By this particular contract, I mean the February  
13 '84 Frank Gomez contract.

14 A One of the first people who was assigned to my  
15 office, to LPD, was a USIA officer called John Scafe --  
16 S-c-a-f-e. John, who was a very experienced officer,  
17 came to my office shortly after it was created. He was  
18 one of the first few people, and he knew what kind of  
19 demands we were under. And he said, several months later  
20 -- not right away, several months later -- he said,  
21 remember Frank Gomez who you met?

22 I said yeah. Well, he's retiring from USIA,  
23 and there was something to the effect of why don't we  
24 hire him. And I said, you know, at that time I would  
25 have hired anybody who walked in the door who had the

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1 right requirements.

2 And, frankly, Gomez' qualifications were very  
3 good. In addition to the USIA experience he had been a  
4 Deputy Assistant Secretary of State for Public Affairs  
5 and knew the region, Central America, had served in the  
6 region, spoke the language -- on and on and on -- just  
7 made to order for our office.

8 I don't recall whether -- I think he wanted to  
9 retire and not work for us. At first I probably said,  
10 you know, USIA owes us a detailee because we were  
11 supposed to have two. Can we have him detailed? And I  
12 have this vague recollection that no, he wants to retire,  
13 but we can hire him as a contractor, and I said fine,  
14 let's do it. And this is the result.

15 Q Did anybody outside your office lobby for or  
16 make a recommendation to you to contract with Mr. Gomez?

17 A No, not to my recollection. The only person I  
18 remember is John Scafe.

19 Q You then met with Mr. Gomez and negotiated  
20 this contract? In other words, how did you go about it?

21 A Well, I certainly met with him. I mean, he  
22 came into the office -- I don't remember when -- and  
23 said, either he said this is what I can do for you or I  
24 said what can you do for us, and it was pretty obvious  
25 right away that he could help us a great deal. He might

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1 have even brought with him some samples of writing, some  
2 things, for example, like fact sheets, et cetera.

3 We're now going back almost four years in  
4 time. I think one of the biggest complaints I had was  
5 that there were certain allegations about the policy  
6 which were wrong but they kept being repeated. And one  
7 of the things he said he could help us with was these  
8 misconceptions. So I think one of the first things he  
9 did for us was a paper on misconceptions, one-pagers.

10 I wanted to reduce the enormous amount of  
11 information we had to something that could be easily  
12 digested by busy people -- Members of Congress, editors,  
13 whatever.

14 Q How did you arrive at a contract price with  
15 him? Do you recall that process?

16 A I don't recall that. What I usually did was  
17 I would turn it over to the appropriate people in the  
18 Department. I did not set the prices -- at least I have  
19 no recollection of ever discussing the price of any  
20 contract with anyone, because I don't know what the  
21 services are worth. I don't have any experience in that.

22 Q So you left that up to your staff?

23 A I left it up to the staff and to the technical  
24 people whose job it is to do that.

25 Q What do you mean the technical people?

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1 A Well, the State Department contracting office.

2 Q In other words, outside your particular staff  
3 at LPD?

4 A Oh, yes, outside. Sure. Our inside staff had  
5 no one knowledgeable about contracting. As I said, the  
6 most we ever had, including secretaries, was about 19, 20  
7 people, including the people who did all the mountains of  
8 paperwork. I had substantive people. I just could not  
9 afford to have --

10 MR. TUOHEY: Let me for the record make not an  
11 objection but a clarification. I think this is an  
12 important one to put on the record. The contracting  
13 officer, the procurement contracting staff, is a separate  
14 entity within the State Department, and that's important  
15 because -- and I will get into more of this later -- I  
16 have discussed at some length with the Inspector  
17 General's staff, I know some of you fellows have, the  
18 inquiry into the contracting process, and I think it's  
19 important that the record reflect, and the Ambassador  
20 certainly will respond to the questions at the  
21 appropriate time, that there was a separate contracting  
22 officer staff that handled a lot of these negotiations  
23 that was not under his control.

24 MR. SMILJANICH: I appreciate that  
25 clarification. I think that's clear in his answer, that

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1 the actual contracting out of the service was performed  
2 by an entity within State Department outside your staff.

3 THE WITNESS: That's correct.

4 BY MR. SMILJANICH: (Resuming)

5 Q Now I don't know if there is a reference  
6 within that contract or not to this. If there were, I'd  
7 point it right out to you. Do you recall whether or not  
8 there was any discussion of the necessity for security  
9 clearances to Mr. Gomez in connection with that contract?

10 A No, not at that time. I don't recall any at  
11 all.

12 Q Now let me see, then --

13 A Wait a second. Now that you mention it, I  
14 think I was told that Gomez had a clearance.

15 MR. TUOHEY: I think the question was whether  
16 you recalled the language of the contract referring to  
17 it, and you haven't had a chance to review it in detail,  
18 so you just don't know.

19 THE WITNESS: That's right.

20 BY MR. SMILJANICH: (Resuming)

21 Q I didn't say anything about it. I just  
22 wondered if he recalled anything about the discussion of  
23 whether or not he needed a security clearance in  
24 connection with this.

25 A Um-umm.

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1 Q The next contract that I have with me here --  
2 and let me for the record state that I'm not at all  
3 asking you to assume that everything I show you is every  
4 single contract in connection with these matters. These  
5 are just simply ones that I have been able to pull from  
6 the file. I don't know whether they are complete or not.  
7 But I just wanted to refer you to some specific ones.

8 This next document is a contract with Mr.  
9 Gomez and your office. The date of signature is July 18,  
10 1984. The contract amount is \$95,000. For the record --

11 A \$95,000? \$9,500.

12 Q I'm sorry, \$9,500. The first one's \$9,500.  
13 For the record, the first one I showed you, the date of  
14 signature was February 27, 1984, between Mr. Gomez and  
15 your office, for \$9,500, and the second one is for the  
16 same amount.

17 Take a moment and look at that. I'm not going  
18 to ask you detailed questions about it. Just look at it  
19 to familiarize yourself generally with the subject.

20 (Pause.)

21 A Yes. This looks familiar.

22 Q I just have a general question. Do you recall  
23 how this subsequent contract came about, any discussions  
24 about it or what led up to it?

25 A Well, I'm sure -- I assume that the way that

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1 it happened was after our, say, first trial period with  
2 Gomez, whom, by the way, we knew from referral but we  
3 didn't know how he could perform for us, we felt that he  
4 was performing very well and decided to continue the  
5 services.

6 So the time of the first contract was about to  
7 run out or had run out or whatever, and another contract  
8 was drawn up.

9 Q Okay. When did you first make the  
10 acquaintance of Richard Miller?

11 A I knew Richard Miller when he was in AID, and  
12 I don't remember whether he was already the Director for  
13 Public Affairs or was the Deputy Director. I believe he  
14 was Deputy Director of Public Affairs at AID before he  
15 was Director of Public Affairs.

16 I would say I don't recall meeting him before  
17 '82. I was already the Assistant Administrator of AID.  
18 But it could have been '81. It could easily have been  
19 '81.

20 Q Did you know whether or not Mr. Gomez and Mr.  
21 Miller had any connection at the time you were engaging  
22 in these contracts?

23 A No, I did not.

24 MR. TUOHEY: Would you state the question  
25 again?

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BY MR. SMILJANICH: (Resuming)

Q Yes. At the time you were working with these initial contracts that I've shown you were you aware of any connection between Mr. Gomez and Mr. Miller?

A No.

Q Richard Miller?

A No, I was not.

Q We might as well go ahead and just run some names past you. Do you know Carl Spitz Channell?

A No, I don't.

Q You've never met him?

A I've never met him, to my knowledge.

Q Did Colonel North, to your recollection, have anything to do with discussions concerning entering into these specific contracts that I've shown you?

A No, not to my knowledge.

Q Let me show you a contract, date of signature of January 28, 1985, between your office and International Business Communications of Washington, D. C. in the amount of, I believe, \$24,400, and it shows contractor representative Frank Gomez. Take a moment, and again I'm not going to ask you detailed questions about it.

(Pause.)

A Yes.

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Q How did International Business Communications come to your attention, if it did?

A Yes, it did. To the best of my recollection, what happened was toward the end of '84, after we had had nearly a year of what we considered to be a successful professional relationship with Frank Gomez, I believe he came to us and said I am -- we probably wanted to continue working with him.

I know we wanted to continue working with him, and he said I'm forming a corporation with Rich Miller -- he probably said with Rich Miller; I don't recall, but there's no reason for him to not disclose that -- and it's called International Business Communications.

And so from now on it won't be Frank Gomez that makes the proposals or has the contract, but if we want to continue the relationship it will be with IBC, which is not unusual. I thought it was for tax purposes or something, or to expand their capabilities.

Q Now were these what is referred to as sole source contracts?

A Yes, they were.

Q In other words, you didn't put out a request for proposals or anything like that out and accept bids?

A That is correct.

Q You were, up to this point, very satisfied

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1 with the work Mr. Gomez was producing for you?

2 A Yes.

3 Q And his product again, just in general terms,  
4 the product he was producing was papers, things such as  
5 that?

6 A Papers, but not just papers. He was in very  
7 frequent contact with people in my office, particularly  
8 John Scafe, Jonathan Miller -- who was the COTR  
9 contracting office technical representative -- with me  
10 less frequently. But I would see him. If he would pick  
11 up some information that he thought would be valuable and  
12 we should include, he would pick up the phone and call.

13 So it wasn't just papers but it was a lot of  
14 papers. It was advice. It was translations. It was the  
15 kind of services described in here.

16 Q Did IBC or Mr. Gomez or Mr. Miller or the  
17 people within IBC, did they do any of the actual contact  
18 with the outside world?

19 A Oh, yes. They had contact with the outside  
20 world.

21 Q In terms of getting the message out. That's  
22 what I'm talking about -- in terms of your overall  
23 objective.

24 A No. They came to us and suggested that we do  
25 this or that. In some cases they had contacts, I am

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1 sure, with the outside world, but they weren't doing it  
2 for us. I wanted to make sure that whatever they did for  
3 us was only things that were included in the contract.

4 Q In other words, they were producing material  
5 and information and whatever for your use. They were not  
6 going out and acting on behalf of the Office of Public  
7 Diplomacy and speaking to groups and saying we're here  
8 for the Office and things such as that?

9 A Not to my knowledge.

10 Q Or making specific contact with targets, if I  
11 can use that word, targets.

12 A Target audiences. Well, yes. They would  
13 identify audiences and I know that there were times, for  
14 example, when they would organize -- I think there was a  
15 time when they set up a press conference for, say, a  
16 defector. So to the extent, as I mentioned earlier, that  
17 one of our target audiences, one of our audiences, was  
18 the press, then yes, they did make contact.

19 I'm remembering some now that they did make  
20 contact with some of the outside groups or a reporter who  
21 would have asked a question, for example, who were to  
22 call the producer of a program who wanted to talk on his  
23 or her show a real live Salvadoran guerrilla defector,  
24 let's say. And so Frank Gomez or someone else -- not  
25 only Frank Gomez but including Frank Gomez -- would take

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1 this defector over there.

2 Q Was there one person within your staff who was  
3 primarily responsible for administering the Gomez and  
4 then later the IBC contracts?

5 A Yes. Well, if you mean a contracting office  
6 technical representative, yes. They are listed. There's  
7 a requirement in these contracts that a COTR be  
8 designated, and I believe every one of the contracts has  
9 a name.

10 Q And the COTR would be the person within your  
11 staff primarily responsible for overseeing the  
12 implementation of the contract?

13 A Primarily responsible, yes.

14 Q Did any other individuals or companies come to  
15 you and request the opportunity to provide services other  
16 than IBC?

17 A Oh, yes, lots of people.

18 Q How did you go about determining -- that's not  
19 a very clear question.

20 A I'll give you an unclear answer.

21 Q That won't do either of us any good.

22 You obviously reached the decision to continue  
23 on with the services of IBC during this time period as  
24 opposed to switching to other groups or allowing other  
25 groups to bid on the work. My question is, how did you

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1 arrive at what I assume was your decision in that regard.

2 A Well, there were other groups or other  
3 individuals that came to us offering their services.  
4 Some were hired.

5 Q Name some other groups that were hired to do  
6 services?

7 A Well, individuals. One that I know that has  
8 been mentioned is Mark Richards, who we thought had  
9 unique capabilities in press relations. Another one  
10 that's been in the press is Arturo Cruz, Jr., who in my  
11 opinion had a very unique perspective into the thinking  
12 of the Nicaraguan government at a particular point in  
13 time when he was a member of it -- people like that.

14 There were other individuals -- I forget their  
15 names -- people who wrote papers for us, for example, on  
16 a particular subject -- terrorism. There's a whole list  
17 of contractors. We had, by the way, a lot of people who  
18 came and frankly we did not like their proposals. Either  
19 they were things that we could already do in-house or we  
20 didn't think they were qualified or they were very  
21 expensive.

22 You know, people would come and say I can win  
23 the war for you in Central America if you give me a \$2  
24 million contract. You know, obviously they weren't  
25 serious. I'm using that as a humorous statement.

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1 Q I understand.

2 A That's it.

3 MR. SMILJANICH: Off the record for a second.

4 (A discussion was held off the record.)

5 MR. SMILJANICH: On the record.

6 BY MR. SMILJANICH: (Resuming)

7 Q Mr. Ambassador, we just had a discussion off

8 the record about how much the total amounts of the

9 contracts were for both IBC and Mr. Gomez. Would you

10 agree that as a very approximate ballpark figure \$400,000

11 as a total contract amount sounds about right?

12 A It sounds about right.

13 Q We're putting Mr. Gomez and IBC together as

14 one group, although I realize that technically we're

15 dealing with a corporation as opposed to an individual,

16 but putting them together. Was there any other company

17 that had a similar amount, a similar contractual amount

18 as IBC and Mr. Gomez?

19 A No.

20 Q Understanding you don't have any records in

21 front of you to specifically refresh your recollection,

22 can you think of who would have been the second in terms

23 of the total amount of contracts?

24 A No, I don't.

25 Q Can you think of an approximate ballpark

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1 amount of what the second-largest collection of contracts

2 would be?

3 A I would say it probably would have been Mark

4 Richards.

5 Q And approximately how much was the value of

6 his contract?

7 A I don't remember.

8 Q Less than \$100,000?

9 A Well, he worked for us as a contractor for

10 over two years. He might have gotten -----

11 MR. TUOHEY: You don't want to speculate. Do

12 you know?

13 THE WITNESS: No.

14 BY MR. SMILJANICH: (Resuming)

15 Q If you know. So it would be fair to say that

16 IBC, even excluding Mr. Gomez, that IBC was the largest

17 contractor for LPD during your tenure?

18 A Yes. It appears that way.

19 Q Do you recall how and when the subject of

20 security clearances ever came up in connection with IBC?

21 A Yes.

22 Q Tell me about it.

23 A I've tried to reconstruct this. I knew you

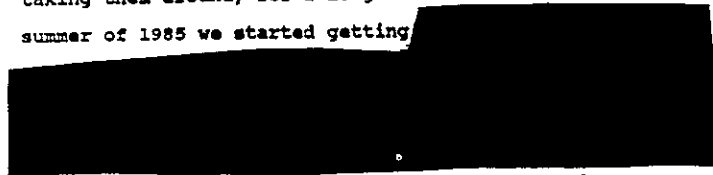
24 would be interested in it. First of all, Frank Gomez had

25 been handling, let's say dealing, with defectors for us,

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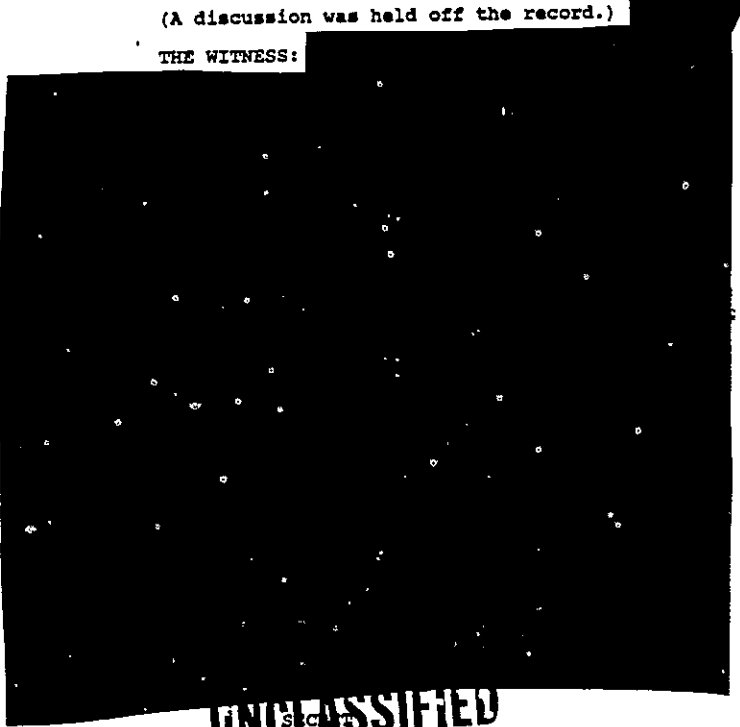
1 taking them around, for a long time. But sometime in the  
2 summer of 1985 we started getting



3  
4  
5  
6 Q Okay. Stop. Let's go off the record a  
7 second.

8 (A discussion was held off the record.)

9 THE WITNESS:



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1 Jonathan Miller had left, who had been the COTR for most  
2 of the IBC contracts.

3 In Jonathan Miller's absence --

4 MR. TUOHEY: Can we step outside for just a  
5 second?

6 (Witness conferring with counsel.)

7 MR. TUOHEY: I just want to explain something,  
8 and this can be on the record. One of the confusing  
9 aspects of this period of time, which the Ambassador will  
10 explain in some detail and you can ask him anything you  
11 want about it, I just want to make sure the record is  
12 clear because none of us know where this transcript is  
13 going when it leaves this room.

14 MR. SMILJANICH: I can answer that.

15 MR. TUOHEY: Eventually. The Ambassador is  
16 going to explain that at the time these conversations and  
17 the ultimate decision to tell Gomez to handle this matter  
18 was taken care of, there was a contract proposal on the  
19 table not yet approved. It's the contract which is later  
20 classified as Secret, which I'm sure you are going to ask  
21 questions about. But that's on the table and, as the  
22 Ambassador will explain and I just want clear on the  
23 record, in the time sequence, at the time the decision  
24 was made to allow Mr. Gomez or his entity to handle this  
25 matter, thereby committing funds of the Department of

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1 State, the contract proposal on the table to handle just  
2 such a situation, defectors, the decision was made to go  
3 ahead and have Mr. Gomez handle it, even though the  
4 contract was not approved.

5 The Ambassador will tell you he did it on the  
6 advice of others. But that's the sequence we're in.  
7 It's a very confusing time and I just want that clear.  
8 I'm not trying to testify in his behalf. He will explain  
9 it in detail, but I just want you to understand the  
10 period.

11 BY MR. SMILJANICH: (Resuming)

12 Q I appreciate that and I think, you know, the  
13 Ambassador, as he goes through the narrative, you know,  
14 he's approaching this, which is frankly what I would  
15 like, a general narrative approach to this. If you want  
16 to explain the context or I would assume you would want  
17 to talk about some of the matters your counsel just  
18 referred to, please go ahead.

19 I just want to get your overall story about  
20 this.

21 A What I started to tell you was that when  
22 Jonathan Miller had been the COTR, had left the office,  
23 let's say September 85 -- Labor Day, is what I mentioned  
24 earlier, around that time -- the position was vacant.  
25 The second Deputy position was vacant. I asked a

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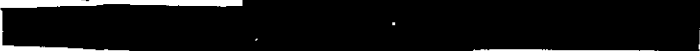
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1 detailee, one of my detailees from the Defense  
2 Department, an Air Force Lieutenant Colonel, to help me  
3 deal with the bureaucracy in the management of contracts  
4 in general.

5 Q Please give me his name.

6 A Jake Jacobowitz -- actually David, but we  
7 never called him David. Colonel Jacobowitz, therefore,  
8 started dealing with the contracting office on what  
9 became the final IBC contract. What else?

10 Q Go ahead. 

11   
12 A Okay. Sometime in the fall of '85, sometime  
13 after September -- I believe October or November -- and  
14 this has all been reminded to me, you know, because of  
15 all the various questions I've been asked by different  
16 people -- Jacobowitz came to me and said somebody  
17 suggests -- and who the "somebody" is is not clear in my  
18 head, if he ever told me -- it has been suggested that  
19 this contract be classified because of the handling of  
20 defectors.

21 Q And again this conversation with Mr.  
22 Jacobowitz is in approximately what time frame?

23 A   
24   
25 

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1   
2 Q   
3   
4   
5   
6   
7   
8 Q I think, as I recall, that's kind of where you  
9 left off the story, and, as I say, you can tell it in any  
10 fashion you want to, but I want to make sure we get back  
11 to that because we haven't gotten yet to Mr. Gomez  
12 getting involved in this.

13 A We were kind of in a bind, frankly.  
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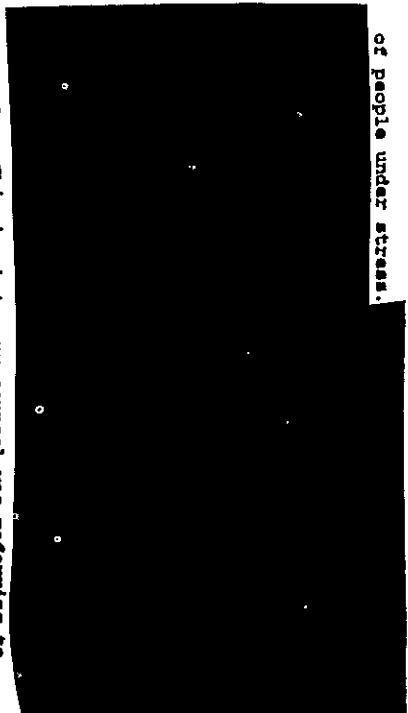
The seventh floor tells me it's your problem,  
you handle it. Someone suggested -- I'm not even sure,  
frankly, that it was my idea; it was probably somebody on  
my staff -- let Frank handle it. Frank has proven  
himself very capable of handling defectors, and he did.  
He spoke the language as a native. He knew the region.

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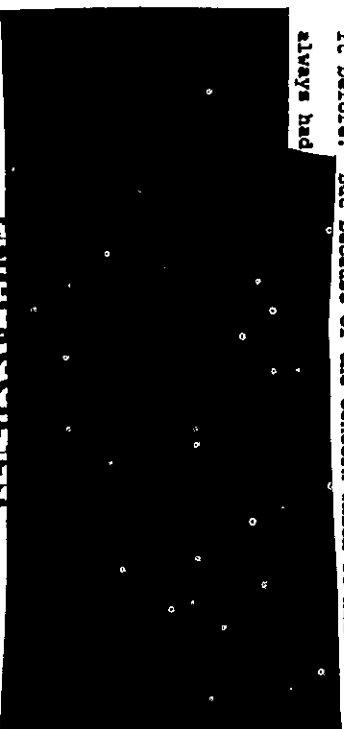
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1 He was very good at dealing with people, with those kind  
2 of people under stress.



12 Q This is what your counsel was referring to,  
13 the fact that there was at this same time the process of  
14 negotiating and entering into a new contract?

15 A That's right. That's correct, which was not  
16 at that time classified, because we had never classified  
17 it before. But because of the concern which we had  
18 always had



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1 Q Was there a primary source of this information  
2 from the Agency? Was it [REDACTED]

3 A I don't think it was [REDACTED] himself. It  
4 was people under him.

5 Q Go ahead.

6 A So they said something to the effect of get  
7 ready and, frankly, I thought well, this is good because  
8 these people are resources and they will prove that what  
9 the Administration is saying is true about Soviet-Cuban  
10 presence in Nicaragua or human rights violations, [REDACTED]

11 [REDACTED]  
12 or the other elements of the lines of  
13 arguments we were following.

14 So I said, great, let the defectors come. But  
15 it concerned me, of course, a great deal that the  
16 Sandinistas were also aware of this and the damage that  
17 was being done to their government by the statements of  
18 these defectors and were perfectly capable of killing  
19 them, as in effect they had killed a lot of people.

20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]  
23 [REDACTED]  
24 [REDACTED]  
25 We had no money. I mean, I couldn't

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1 go up to SSEX and say, hey, I need money for a coat.  
2 They would say, that's not in the budget.

3 [REDACTED]  
4 [REDACTED]  
5 And I think that's a disgrace, frankly -- the  
6 fact that the most powerful country in the world is not  
7 prepared to deal with the people who trust their lives to  
8 us, and it doesn't surprise me at all what happened with  
9 Yurchenko, the Soviet defector, who went back. He  
10 figured, you know, these guys are so disorganized I don't  
11 want to be associated with them.

12 MR. TUOHY: You were talking about the  
13 process by which the decision was made to classify it.

14 THE WITNESS: When, I believe, Jake came to me  
15 -- I say "believe" because to the best of my recollection  
16 he was the one who came to me, and, by the way, he has  
17 told me that that's what he also believes -- and said  
18 this should be classified, I said fine, go get it  
19 classified.

20 BY MR. SMILJANICH: (Resuming)

21 Q Okay. Now the fact that you were going to  
22 contract with IBC for services that included handling of  
23 defectors was something that was already on the table at  
24 the time this particular subject came up about this  
25 particular defector; is that right?

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1 A Yes. And they had already done it before.

2 Q And they had already done it before in the  
3 previous contract?

4 A Yes.

5 Q Now in the middle of your story you said you  
6 wanted to add something.

7 A

8 [REDACTED] we have no kitty. Maybe that  
9 shouldn't even be in here, because I think it's so  
10 embarrassing to the United States that it would  
11 discourage future defectors. If I was a potential  
12 defector, I would think twice.

13 Q We'll worry about that.

14 The previous defectors that Gomez and IBC had  
15 helped you out with, the problem with regard to security  
16 clearances hadn't come up in connection with those  
17 services?

18 A No.

19 Q During these discussions you have just related  
20 leading up to a decision to classify this contract was  
21 there any discussion, to your recollection, with anyone  
22 about the relationship between the classification of the  
23 contract and the requirement to go outside of a sole  
24 source approach to this matter?

25 A Not to my recollection.

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1 Q Specifically, for example, were there any  
2 discussions that in order to issue another sole source  
3 contract the matter had to be classified?

4 A No.

5 Q Nobody brought that up with you?

6 A Not that I can remember.

7 Q Now this last contract -- and I'm not even  
8 sure I have it; I don't think I have it with me -- this  
9 last contract with IBC -- and it was the last contract  
10 with IBC, wasn't it, that we're talking about?

11 A That's right, the \$276,000.

12 Q That would have run from approximately when to  
13 approximately when?

14 A Fiscal year '86, so October 1, '85-September  
15 30, '86, I believe.

16 Q Now there's evidence -- first of all, was the  
17 contract signed in '85 for fiscal year '86? Was there a  
18 signed contract?

19 A My understanding, after the fact, is that the  
20 contract was signed in August of '86.

21 Q Now why was there a gap between the  
22 preparation of the contract and the actual signing of it?

23 A Well, here I have a lot of problems answering  
24 because I left the office in January of '86, when the  
25 contract was still being negotiated, and it was not

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1 signed for several months later.

2 Q Was IBC performing services from October '85  
3 to the time you left in January '86 pursuant to that  
4 contract?

5 A It appears that they were. It appears that  
6 they were performing services in anticipation of the  
7 signing of that contract.

8 Q And do you know what it was that was taking  
9 place during the time frame of September-October of '85  
10 to January of '86 that prevented there being a final  
11 signed contract? What was going on?

12 A What I was told was -- and I asked -- was that  
13 there were a lot of bureaucracy problems. I didn't deal  
14 personally directly, as I said, with the contracting  
15 office or any other office. This was a very busy time  
16 and we're dealing with a lot of different issues, and  
17 this was only one. I'd say it was maybe one percent, two  
18 percent of what took up my time.

19 But Jake Jacobowitz would keep coming back to  
20 me saying well, now we need another piece of paper, and  
21 now they need this and now they need a site security  
22 clearance, now they need this.

23 Q Who is "they"?

24 A Well, "they" would be different. See, "they"  
25 was anybody outside our office practically because we

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1 dealt with a lot of different people, different offices  
2 and different individuals. I mean, there was so much  
3 turnover. One day we'd be dealing with the contracting  
4 officer, with one person, and the next day it could be  
5 somebody else. So I didn't even bother to learn the  
6 names, except, you know, the supervisors.

7 Q But the entity dealing with the negotiations  
8 or working up this contract was the contracting officer  
9 entity outside your LPD staff; is that right?

10 A Among others.

11 Q Among who else?

12 A Well, this is what I'm not clear, because  
13 "they", as I say, "they" included the contracting  
14 officer. At times it included the legal people.  
15 Sometimes it included security people. At one point the  
16 Office of Security had to be involved because we were  
17 told or they told us -- "they" being I don't know which  
18 one of those entities -- told us that IBC was going to  
19 need a site security clearance if they were going to have  
20 -- if the contract was going to be classified.

21 So "they" referred to a lot of different  
22 people. And Jake Jacobowitz or his predecessors and  
23 successors were the ones who dealt with "them".

24 Q And his predecessor was Jonathan Miller?

25 A No. Yes and no. His predecessor --

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1 Q On this subject.

2 A Well, his predecessor -- that is to say, the  
3 liaison officer with IBC -- was Jonathan Miller. But not  
4 his predecessor as liaison with the contracting office.  
5 What happened was our administrative officer, Frank  
6 Gardner, who was one of a whole series of administrative  
7 officers we had in a short period of time, left the  
8 office about the same time Jonathan Miller did. He  
9 retired after many years, after 40 years.

10 It was a coincidence. So I had a double-bind.  
11 Not only did I lose my contracting office technical  
12 representative, I lost my administrative officer just  
13 about within weeks or days of each other. And Jake  
14 Jacobowitz frankly ended up with both of those  
15 responsibilities dumped on him, willingly. I mean, he  
16 volunteered. I'm not saying that I chained him and said  
17 you have to do this. He was willing to do it because he  
18 knew the job had to get done, and I don't think anybody  
19 anticipated having this many problems.

20 We thought it was a matter of getting all of  
21 the proper forms signed, all the proper procedures, and  
22 eventually, like all the other contracts, this one would  
23 also be signed.

24 Q To your knowledge was there any other fact --

25 A Can I add something on the administrative

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1 officer business?

2 Q Please do.

3 A I think it's important -- and I'm not trying  
4 to dump on the State Department, but since I'm here and  
5 this is not the normal position of an Ambassador of  
6 having to come and explain all these things -- when the  
7 office was created I did not know what it was going to  
8 turn out to be like. As I said, I was the only person in  
9 the office for a while, and then people started coming.  
10 It started growing. It started becoming more and more a  
11 source of information that people turned to.

12 And without blowing our own horn, it got to  
13 the point where the President of the United States, the  
14 Secretary of State, the National Security Advisor,  
15 Cabinet officials and lots of other people relied on our  
16 information and used it verbatim. I mean, it was that  
17 good. My principal concern, frankly, was the credibility  
18 of our product. That's what I spent most of my time on.

19 I'm not a contracting officer. I'm not a  
20 lawyer. I couldn't possibly substitute for the people I  
21 thought were supporting us, you know, our principal job,  
22 which was to get information out that was credible and  
23 that was accurate, et cetera.

24 So at a point when the office started growing  
25 -- I think late '83 -- I said I can't handle all of this

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1 administrative stuff. I need an administrative officer,  
2 in the office as part of the staff. We had not  
3 anticipated this because this was a brand new office, the  
4 only Office of Public Diplomacy that has ever existed,  
5 had ever existed until a couple of years after that. And  
6 there were so administrative requirements in our office -  
7 - I mean, even things like they'd ask me, for example,  
8 for job descriptions for each one of the people. I said  
9 I don't have time to write up job descriptions.

10 They asked me to draw an administrative, a  
11 diagram of where everybody fit.

12 Q An organization chart?

13 A An organizational chart and all these things.  
14 I said who's going to do the public diplomacy job while I  
15 do this kind of thing? So I said, listen, please give me  
16 as one of the detailees from somewhere, give me somebody  
17 who's knowledgeable in administration. State couldn't  
18 come up with one. AID came up with Matthew Friedman. In  
19 other words, what I did was I would call the four  
20 agencies that I had been told would support me, and the  
21 first one that came up with some administrative support  
22 was AID, so Matthew Friedman came.

23 Unfortunately for Matthew Friedman and for us,  
24 he also didn't know State Department administrative  
25 procedure because he was a political appointee who had

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1 done some administrative work at AID and who volunteered  
2 to do it for us, and who was very bright and picked up  
3 very quickly, but then he left sometime in, around Labor  
4 Day of '84 as opposed to -- I don't know why people  
5 decide to leave around Labor Day, but it's a logical time  
6 at the end of the summer.

7 We were without administrative support -- I  
8 would say I would have to go back and look at the records  
9 -- but I would say for at least half the time that the  
10 office was in operation and I was the director of it.  
11 That is not conducive to good management. I asked  
12 repeatedly for and I begged, I pleaded, for an  
13 administrative officer to be assigned to the office  
14 precisely so we would avoid contract problems.

15 We were contracting out for services. We were  
16 swamped with requests for this, that, and we didn't have  
17 anybody in house who could do it. The support we were  
18 getting from SSEX, which was the office that I was told  
19 would support us, was not adequate and, in fairness to  
20 them, they never expected that they would have to support  
21 us. They also had the Office of the Special Envoy, the  
22 Kissinger Commission, all these other offices were  
23 created just for Latin America, in addition to all the  
24 other offices that they had to support for the rest of  
25 the world that were just created. They were swamped.

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1 Eventually I got a State Department  
2 administrative officer. I don't even remember who he was  
3 at the time. We had a series of very short-term people.  
4 We had a young lady who all of a sudden got assigned to  
5 Rome, so she left, so we were vacant. We had a young  
6 man, very bright, who got a job in INR. Brent Blasky was  
7 his name. If we could have kept him we probably wouldn't  
8 have had any problems at all, because he knew the system.

9 There were long periods of vacancies. This  
10 was one of the periods of vacancies -- as a matter of  
11 fact, three months.

12 Q It sounds like you had an easy go of it. Was  
13 there, to your knowledge, any other factor other than  
14 what you have described involved in the decision to  
15 classify the final IBC contract?

16 A Not to my knowledge or not to my recollection.

17 Q Did anyone -- I apologize; I think I asked you  
18 this in connection with Mr. Gomez, but let me ask you  
19 about IBC, and particularly, specifically, the final  
20 contract with IBC -- did anyone other than IBC which  
21 would have wanted to have a contract, did anyone other  
22 than IBC come to you or bring any information to you  
23 asking that IBC be allowed to have another contract for  
24 fiscal year 1986?

25 A No, not that I can remember.

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1 Q Let me just ask the general question. Did  
2 Oliver North, Lieutenant Colonel North, have any  
3 involvement at all in any of the discussions about  
4 security clearances or the contracting for services with  
5 IBC, to your recollection and knowledge?

6 A I have been trying to think. I anticipated  
7 that question, and it is possible that he may have asked  
8 me about it once very late, but I'm not even sure of  
9 that, and that would not have surprised me because people  
10 knew that Gomez particularly was doing work for us and  
11 had done a good job.

12 But the reason I say I can't remember is  
13 because a number of people were aware of the IBC-Gomez  
14 relationship at the NSC, people who had a need to know  
15 and who knew about it and who were satisfied. And they  
16 may have asked about it as well, like what's happening or  
17 what's Frank Gomez up to and that kind of thing, but it  
18 would have been that kind of an inquiry, not any pressure  
19 or anything like that.

20 Q Did you have any belief or even a suspicion  
21 that Colonel North had a connection with or reason to  
22 wish that IBC or its people would get a contract with the  
23 State Department?

24 A I had only one occasion where I very late,  
25 right before leaving for Venezuela, during my

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1 consultations long after leaving the S/LPD, when I was at  
2 the National Security Council in the Old Executive Office  
3 Building, and I happened to walk into North's office --

4 Q Excuse me for interrupting. Are you talking  
5 about when you were Ambassador?

6 A I was Ambassador-designate. I can't remember  
7 the date, but I would think it would have been April or  
8 May already, right before I left. I was sworn in May 12  
9 and left May 16, so it would have been before that. I  
10 walked into North's office unannounced and saw Miller and  
11 Gomez walking out. But, once again, you know, at that  
12 time I didn't give it much thought because they were  
13 sources of information for us on Central America.

14 Everybody knew that Ollie North was working on  
15 Central America. It seemed like a logical connection.

16 Q Now I've gotten confused here. You said this  
17 would have been approximately April or May of '86?

18 A Right, right before I left.

19 Q I thought that you were originally told you  
20 were going to become Ambassador or designated Ambassador  
21 in late '85 and it was January of '86 that you were  
22 confirmed?

23 A That's correct -- no, no, that I was  
24 announced. See, what happened -- can I give you the  
25 chronology?

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1 Q Please, go ahead.

2 A I knew in approximately May '85 --

3 Q '85?

4 A '85, yes. This took a long time. It took a  
5 year. May '85 was my first conversation with Secretary  
6 Shultz and the White House about Venezuela. It took a  
7 long time for them to make up their minds, et cetera, et  
8 cetera. In August '85 President Reagan signed the  
9 internal memorandum that said my choice is Otto Reich,  
10 but check him out or whatever it is they do. I never saw  
11 the memorandum. The FBI clearance then starts and all  
12 that.

13 December '85 -- it took four months, and part  
14 of the problem was we had the Geneva summit with  
15 Gorbachev and that paralyzed -- that slowed down the  
16 Executive branch, and in December '85 the President then  
17 called me and said, you know, I want you to be Ambassador  
18 to Venezuela. It took another month, however, for the  
19 public announcement and transmittal of the papers to the  
20 Senate.

21 I didn't think that I should leave my office  
22 until the public announcement. But, for your  
23 information, I was preparing myself to be Ambassador to  
24 Venezuela from even before the time the President signed  
25 the memorandum in August. I was reading Venezuelan

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1 history books and economics and stuff and trying to run  
2 the office. So January of '86, when the announcement was  
3 made, I then by memorandum informed everyone in the  
4 Department that I was no longer the coordinator.

5 I wrote a memo to my staff saying the  
6 President has appointed me, as you know. I mean, I had  
7 told them before. And said some nice things about them,  
8 at cetera, at cetera, and said John Blacken will be  
9 Acting Coordinator until a new coordinator is appointed  
10 by the Secretary, the President, whoever.

11 So from January of '86 to May of '86 I  
12 concentrated on my confirmation hearings and getting out  
13 of here. It takes a while. During that time I visited  
14 people in the Executive Branch -- Commerce Department,  
15 Treasury, everybody that would have something to do with  
16 my Venezuela assignment. During one of those visits to  
17 the NSC is when I happened to see these guys come out of  
18 Ollie's office.

19 Q Were you there to see North?

20 A No, I didn't have an appointment with him that  
21 I recall because, frankly, he wasn't going to have  
22 anything to do with Venezuela that I knew of. But I  
23 always used to drop by and say hello to Fawn, you know.  
24 She was a friend. Poor Fawn. She's gotten a bad rap and  
25 doesn't deserve it.

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1 Q I don't feel so sorry for her. She's gotten  
2 some nice publicity.

3 MR. OLIVER: She's also got immunity.

4 THE WITNESS: So the best of my recollection -  
5 - and, as I said, it was not the kind of thing that would  
6 have stuck in my mind. So it's vague, but it's around  
7 that time, I would say.

8 BY MR. SMILJANICH: (Resuming)

9 Q Now during that time period of getting  
10 prepared to be confirmed as Ambassador to Venezuela, one  
11 of the things you were doing was starting to get familiar  
12 with the cable traffic to and from Venezuela?

13 A Yes. I started reading cable traffic.

14 Q When did you start that process?

15 A I believe I started reading cable traffic -- I  
16 believe I started reading cable traffic in the fall of  
17 '85. Wait a second. I must have because in January of  
18 '85 I said I don't want to see another cable about  
19 Central America that doesn't have to do with Venezuela.

20 MR. TUOHEY: '85 or '86?

21 THE WITNESS: '86, when I was officially  
22 nominated, because I wanted everybody -- I knew what was  
23 going to happen. People were going to still come to me  
24 and say could you do this, could you do that, and I was  
25 going to say no, I'm sorry.

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1 BY MR. SMILJANICH: (Resuming)

2 Q But you think it was prior to January of '86

3 that you started reading the traffic?

4 A Yes. I'm almost definite. Yes. As I said, I

5 started to get ready for Venezuela in about August of

6 '86, and I started reading cable traffic.

7 MR. TUOHY: August of '85, you mean.

8 THE WITNESS: August of '85.

9 BY MR. SMILJANICH: (Resuming)

10 Q Who was the prior Ambassador to Venezuela?

11 A George Landau -- L-a-n-d-a-u.

12 Q Was there a hiatus between his leaving and

13 your coming?

14 A Eleven months.

15 Q Who was the DCM during that period?

16 A The Charge, Kim Flower, as in a rose.

17 Q Okay. And that was an eleven-month period?

18 A That's correct -- June of '85 to May of '86 --

19 incredibly long.

20 Q Kim is a neutral name.

21 A A man.

22 Q Were you involved at all in the process or

23 discussions leading up to the switch of LPD from the

24 Secretariat to ARA?

25 A Yes, I was.

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1 Q How did that come about?

2 A Well, I don't remember exactly, but it was

3 something to the effect of somebody in the Secretariat --

4 I believe it was Nick Platt, Nicholas Platt -- said we

5 can't have, and he used a term which I objected to,

6 growths and polyps attached to the office -- but it was

7 descriptive -- attached to the Office of the Secretary

8 because, he says, we just can't support them all. He was

9 right.

10 He was right from the administrative

11 standpoint. I said if you remove the office from the

12 Office of the Secretary, these public diplomacy

13 operations, you're going to downgrade them in everybody's

14 minds and they won't have the kind of political support

15 from the other agencies that they need, detailees, et

16 cetera.

17 So there ensued a discussion of several months

18 where the Deputy Secretary, John Whitehead, was involved

19 as to what do we do with these offices. By that time the

20 South Africa Bureau had started one based on what was

21 then called the extremely successful example of the

22 Office of Public Diplomacy for Latin America and the

23 Caribbean. I'm going to keep that clipping. And there

24 were several options considered -- for example, attaching

25 them to the Bureau of Public Affairs, creating or

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1 attaching them to the regional bureaus, a lot of  
2 different things which I don't remember.

3 But what was finally decided -- and I think it  
4 was decided during the period between January and May of  
5 '86 -- was to attach S/LPD to ARA and we became ARA/LPD.

6 Q Now at that time Elliott Abrams was Assistant  
7 Secretary of ARA.

8 A That is correct.

9 Q Did you have any discussions with him about  
10 the fact that ARA didn't want LPD transferred over there?

11 A Oh, sure, yes.

12 Q What were the reasons he gave you?

13 A Oh, he agreed with me, for example. Budget  
14 was one reason. By that time our office had a budget of  
15 something like \$750,000 -- I don't remember -- and the  
16 staff. I was concerned that the budgetary constraints  
17 being what they are if the budget was transferred from  
18 the Secretary, which is a very high priority, to a  
19 regional bureau that the office would eventually shrink.

20 I thought, frankly, we had broken ground. I  
21 thought we had done something that the U. S. Government  
22 should do more of, and that is to talk directly to the  
23 American people, to communicate with the American people,  
24 to produce information. I was very upset with, and I  
25 communicated this to my superiors back in '81, '82, '83,

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1 which is why I got the job, that so many of our officials  
2 would go to the Congress and be asked something about  
3 Central America and say sorry, I can't share that with  
4 you because it's classified information.

5 Now it's true, and everybody who has a  
6 clearance knows, that there are sources and methods to be  
7 protected, but I also knew that with a concerted effort,  
8 with a lot of work, and with some high priority that you  
9 could get the intelligence community to declassify and  
10 you could also go out to the unclassified world and  
11 gather information that would support what we already had  
12 but that was classified.

13 MR. TUOHEY: The question, though -- we're  
14 getting off the question -- is did you agree with Abrams  
15 and, if so, why?

16 THE WITNESS: Yes, I agreed because I thought  
17 the office would be downgraded by virtue of the budget  
18 and the positions that eventually the Bureau would have  
19 to absorb. The ARA Bureau would have to absorb the  
20 budget and the positions and it would atrophy.

21 BY MR. SMILJANICH: (Resuming)

22 Q Getting back to one of the initial topics we  
23 discussed -- that is, the overall objectives of the  
24 Office of Public Diplomacy -- and I hope that this isn't  
25 too much of a loaded question and tell me if it is -- was

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1 part of your objective during this time frame -- as you  
2 know, we're talking about right in the middle of the  
3 severest form of the Boland Amendment, complete cutoff of  
4 funds, was part of your overall objective or job to try  
5 to get Congress to change its mind about that matter and  
6 to start funding?

7 A It was to support the Administration's  
8 request.

9 Q To get Congress to fund further in that area?

10 A Yes.

11 MR. SMILJANICH: Okay. Off the record.

12 (A brief recess was taken.)

13 MR. SMILJANICH: On the record.

14 BY MR. SMILJANICH: (Resuming)

15 Q I was going to move on to Venezuela, but let  
16 me back up for a second. You have described one occasion  
17 in which you happened to be over where North's office was  
18 at the Old Executive Office Building and saw Gomez and, I  
19 believe, Richard Miller, I think you said, there. What  
20 happened in that connection? Did you all then have a  
21 general discussion?

22 A I was in the building. I stuck my head in  
23 like I always used to stick my head in to a lot of people  
24 if I happened to walk by their office, and they were  
25 walking out, and I said what are you guys doing,

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1 something to that effect. And whatever it was that was  
2 said I don't remember.

3 Q Were you ever at a meeting in which Lieutenant  
4 Colonel North and -- let's start with Frank Gomez --  
5 Lieutenant Colonel North and Frank Gomez were both in  
6 attendance?

7 A No, not that I can recall ever, a meeting of  
8 that kind.

9 Q Were you ever at a meeting in which Oliver  
10 North and Richard Miller were in attendance at the same  
11 time?

12 A No. I just want to explain that I attended a  
13 lot of meetings. Some of them were very large meetings.  
14 They may have been in the same room, but I do not ever  
15 recall seeing them in the same room.

16 Q I want to be fair. I'm not talking about a  
17 group of 100 people and maybe the two of them were there.  
18 I mean a meeting of a smaller group, let's say five or  
19 less.

20 A No.

21 Q Or ten or less.

22 The Committee has had access to the calendar  
23 of Lieutenant Colonel North and there are a few occasions  
24 in which he shows reflected on his calendar an  
25 appointment or a meeting -- of course, you can't tell if

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1 this is before the fact or after the fact -- an entry of  
2 meetings in which it shows Otto Reich, Richard Miller,  
3 Frank Gomez.

4 A Together?

5 Q Yes. As an example, a date which he shows on  
6 his calendar -- Reich, Gomez, Miller. Now maybe Miller  
7 is Jonathan Miller on occasions, but that shows up on his  
8 calendar. Let me make that representation to you and  
9 just ask you if you can recall any occasions where that  
10 took place. I know I've already asked you, but given  
11 that information is there any further recollection you  
12 have of any such meetings?

13 A No.

14 MR. TUOHEY: Do you have the calendar and we  
15 could pinpoint the date?

16 MR. SMILJANICH: As a matter of fact, Spencer  
17 has a summary of the dates and he can give you some  
18 specific ones.

19 THE WITNESS: You mean there's more than one?

20 MR. OLIVER: These are dates when you appear  
21 on his calendar. I don't know who else is in the  
22 meetings during those times.

23 THE WITNESS: I would probably appear on his  
24 calendar.

25 BY MR. SMILJANICH: (Resuming)

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1 Q Let me make it clear my questions were not  
2 just every time you met with Colonel North. I'm talking  
3 about combining it with these other people, and I think  
4 there are a few we can pinpoint.

5 MR. OLIVER: You want me just to read these?  
6 I have the actual calendar. February 11, 1985.

7 BY MR. SMILJANICH: (Resuming)

8 Q February 11, 1985, at 1530 we show a meeting  
9 with Raymond, Reich, Miller and Gomez, and again Miller  
10 is not necessarily Richard Miller.

11 A Probably wouldn't have been Richard Miller.

12 MR. OLIVER: We show on June 5 at noon lunch  
13 with Rich Miller, Frank Gomez, Jonathan Miller and Otto  
14 Reich at the IBC office.

15 MR. TUOHEY: June 5, '85?

16 THE WITNESS: I remember that.

17 MR. OLIVER: We show on January 27, 1986,  
18 lunch with you at the State Department.

19 THE WITNESS: Right. I took him out to lunch.

20 MR. OLIVER: Were Rich Miller and Jonathan  
21 Miller at that lunch?

22 THE WITNESS: No, neither Miller. It was  
23 Ollie and myself.

24 MR. TUOHEY: Does the calendar reflect  
25 otherwise?

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1 MR. OLIVER: It's confusing whether there was  
2 a meeting with Rich Miller which may have been just  
3 before the lunch.

4 THE WITNESS: He was not at the lunch.

5 MR. OLIVER: That's what I have on the  
6 calendar. I've got Ollie's notes here that have a number  
7 of reflections.

8 BY MR. SMILJANICH: (Resuming)

9 Q So what we end up with here is --

10 MR. TUOHEY: Two definitely.

11 THE WITNESS: Lunch I can tell you for sure.

12 MR. TUOHEY: February 11, '85 and 3:30 --  
13 Raymond, Reich, Miller, Gomez -- June 5, '85, in the IBC  
14 office -- North, Miller, Reich, Gomez for lunch is what  
15 was on the calendar.

16 MR. OLIVER: Right. There's another one here.

17 MR. SMILJANICH: I remember this now. Well,  
18 I'll show it to him.

19 (Document handed to the witness.)

20 THE WITNESS: Yes. I remember this.

21 MR. TUOHEY: Is there any date on this?

22 MR. SMILJANICH: No, there's no date.

23 BY MR. SMILJANICH: (Resuming)

24 Q Okay. Let's approach each one one at a time.  
25 First of all, you recall the lunch. Tell us about that.

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1 A To the best of my recollection, Ollie never  
2 showed up, which was not unusual. So I wouldn't have  
3 remembered him -- at the IBC lunch. And, once again,  
4 it's one of those things which is vague, but I remember  
5 we waited and waited and everybody got hungry and we  
6 decided Ollie is not going to come, and so we ate without  
7 Ollie and he never showed up, to the best of my  
8 recollection.

9 That must be the same lunch where I had John  
10 Scafe go with me because I didn't want to go. I think  
11 Jonathan Miller used to go to those meetings, being Mr.  
12 Outside. Since Frank Gomez was going to be involved, I  
13 thought John Scafe would be a logical person to go  
14 because Miller couldn't go for some reason -- although,  
15 is Miller in on the lunch?

16 MR. OLIVER: Yes.

17 THE WITNESS: Maybe Scafe went in place of  
18 Miller. I don't remember that one, but I don't recall  
19 ever having lunch with Ollie North at IBC.

20 BY MR. SMILJANICH: (Resuming)

21 Q Do you recall why Ollie North would have been  
22 invited to that lunch?

23 A No, I don't. He was not invited by us. We  
24 were not hosting the lunch.

25 Q Okay. We have 2/11/85. Let's start with

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1 2/11/85 at 3:30 in the afternoon -- Raymond, yourself,  
2 Miller and Gomez.

3 A I have no recollection of that. Now Walt  
4 Raymond I met with all the time, and Ollie North I met  
5 with all the time. Miller in that case probably would  
6 have been Jonathan because, as I said, I don't remember,  
7 other than the time when I saw Rich Miller coming out, I  
8 don't remember seeing him at any other meeting. But I  
9 just have no recollection.

10 Q Okay. Then June 5, '85.

11 A Isn't that the lunch?

12 MR. TUOHEY: That's the one we just talked  
13 about.

14 MR. OLIVER: We have two separate lunches. We  
15 have lunch -- I'm sorry. That's Jonathan Miller. This is  
16 Rich Miller. Frank Gomez, Jonathan Miller and Otto Reich  
17 at the IBC office, June 5, 1985.

18 THE WITNESS: I remember having lunch there.  
19 I remember having lunch at the IBC offices, I believe  
20 twice -- twice, period. And so that must be one of those  
21 times. Now I don't remember Ollie North ever showing up  
22 at any one of those lunches.

23 BY MR. SMILJANICH: (Resuming)

24 Q So what we have, then, is one appointment that  
25 shows up on North's calendar for February 11 of '85 which

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1 you just have no recollection of.

2 A Which may have taken place.

3 Q And that wouldn't have been the one where you  
4 saw Rich Miller and Gomez coming out because that was  
5 much later, when you already knew you were going to  
6 Venezuela, right?

7 A In '86, right.

8 Q Okay. Now moving on to Venezuela, first of  
9 all, you've seen the press reports concerning alleged  
10 attempts by General Secord to receive some kind of  
11 assistance from the Embassy in Caracas to approach the  
12 Venezuelan Air Force for purchase of some C-123s.

13 A I have seen them. I wish I could bring you  
14 the front page of every Venezuelan paper of that week,  
15 because that was the story.

16 Q First of all, the time frame when this is  
17 supposed to have occurred is, as I recall, very late '85-  
18 early '86.

19 A I don't know. All I know is what I've read in  
20 the paper, and it said fall of '85. Most of the stories  
21 I have read have said fall of '85.

22 Q For your benefit, I've seen other documents in  
23 other matters connected with that, and I believe the time  
24 frame of these alleged events is the fall of '85 until  
25 early '86. First of all, you don't have any direct

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1 knowledge or information concerning any approach by  
2 General Secord or anybody on his behalf in connection  
3 with these purchases of C-123s?

4 A I do not.

5 Q Who is your DCM?

6 A Jeffrey Davidow.

7 Q Did Kim Flower leave as DCM when you became  
8 Ambassador?

9 A That's correct.

10 Q Have you at any time up to today talked with  
11 Kim Flower to determine whether or not he has any  
12 recollection of this event?

13 A Yes, I did.

14 Q And when did you talk with him?

15 A I talked to him on the phone about a couple of  
16 months ago.

17 Q Where is he now?

18 A National Security Council.

19 Q Detailed from State as a career Foreign  
20 Service Officer?

21 A That's correct.

22 Q What did he tell you he knew about it?

23 A He said he knew absolutely nothing about it  
24 and in fact I called him because I told him that this was  
25 a very big issue in the Venezuelan press, and we were

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1 getting all kinds of questions and, of course, the  
2 implications were that not only was the Embassy involved  
3 but the Venezuelan government was involved, and the  
4 headlines were written in a very inflammatory fashion.

5 And wanted to, frankly, put an end to the  
6 story that was damaging U.S.-Venezuelan relations. And  
7 he said I'm telling you you can tell them that I knew  
8 absolutely nothing. As far as I know, that never  
9 happened, or words to that effect.

10 Q Have you discussed this issue with any  
11 Venezuelans to determine whether or not they know  
12 anything about any such approach that may have bypassed  
13 the Embassy?

14 A Well, the Foreign Minister, and he said that  
15 they have absolutely no -- in fact, he made a public  
16 statement that the Venezuelan government was never  
17 approached.

18 Q Have you ever discussed this with anyone  
19 connected with the Venezuelan Air Force?

20 A No, I have not.

21 Q Has anyone on your behalf done that?

22 A No, I don't believe so.

23 Q You were requested -- by "you" I mean the  
24 State Department was requested to search its cables.

25 A That's correct.

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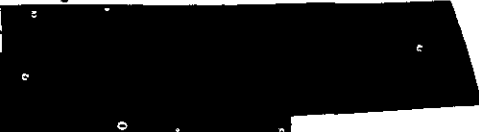
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1 Q To determine whether or not anything shows up  
2 in the cable traffic about this, and I believe you sent a  
3 cable back to the Legal Advisor's office at State  
4 Department that you made a search.

5 A I was in Washington at the time and so Davidow  
6 sent it.

7 Q Your officer at the Embassy sent a cable  
8 stating that a search had been made and that no such  
9 cables could be found?

10 A That's what I'm told.

11 Q Okay. That's simple enough. Do you have --  
12 and these are relatively new allegations -- do you have  
13 any information or knowledge concerning any attempt by  
14 Oliver North or anyone else connected with the U.S.  
15 Government to 

16   
17   
18 A I believe  no knowledge  
19 whatever.

20 Q Have you heard those allegations?

21 A Only since I arrived in Washington. My desk  
22 officer told me.

23 Q Okay. Off the record.

24 (A discussion was held off the record.)

25 THE WITNESS: I know absolutely nothing.

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1 BY MR. SMILJANICH: (Resuming)

2 Q Let me turn it over to some other people with  
3 just two last quick questions. Did you ever have any  
4 dealings with Robert Owen?

5 A No. I met Robert Owen in Jonathan Miller's  
6 office, which was next to mine. I met him once or twice.

7 Q During the time Jonathan Miller was over at  
8 the NSC, did you have any knowledge during that time that  
9 he was assisting Lieutenant Colonel North in the  
10 disbursement of some traveler's checks that Lieutenant  
11 Colonel North was keeping and using to assist the  
12 Nicaraguan resistance?

13 A No. The first I ever heard of traveler's  
14 checks was when it came up in testimony.

15 Q Did you have any information that Jonathan  
16 Miller was involved in assisting Colonel North directly  
17 providing financial assistance to contra leaders?

18 A Well, first of all, I don't know that he has  
19 been.

20 Q I understand. Did you have any information?

21 A No, I do not.

22 Q One last thing. You mentioned earlier there  
23 was a contract that LPD had with Arturo Cruz, Jr. That  
24 was about a \$6,000 contract or so.

25 A Yes, right. I believe of which about only

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1 \$2,000 was paid.

2 Q Why was that?

3 A Because he didn't fulfill the terms of the  
4 contract.

5 Q The terms of the contract were he was supposed  
6 to prepare --

7 A Three papers, a series of three papers. I  
8 believe that the contract was for \$6,300. Each one of  
9 the installments would have been \$2,100, to be paid when  
10 completed. He only completed one.

11 Q Okay. Were you aware of any payments being  
12 made to Arturo Cruz, Jr. or his father, Arturo Cruz,  
13 [REDACTED] or directly from Lieutenant  
14 Colonel North during the Boland Amendment restrictive  
15 period -- that is, subsequent to October of 1984?

16 A I believe that I became aware of payments to  
17 the father sometime after the story broke in the press.

18 Q You mean when it became public knowledge?

19 A When it became public knowledge, yes.

20 Q But contemporaneous with any such payments you  
21 had no information that Arturo Cruz, Sr., was receiving  
22 payments, one or more payments, directly from Lieutenant  
23 Colonel North?

24 A No, no, not from North. The story broke that  
25 he had received payments -- I think it was a Wall Street

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1 Journal story, because it was, I am told, a leak from the  
2 House Intelligence Committee.

3 MR. OLIVER: Who told you that?

4 THE WITNESS: I believe the source, the Wall  
5 Street Journal story sourced it to that source, or people  
6 who talked to that reporter said that, at least.  
7 Furthermore, that was the information that was  
8 circulating inside the Executive Branch at the time, that  
9 it was a leak from the House Intelligence Committee.

10 BY MR. SMILJANICH: (Resuming)

11 Q That what?

12 A That Cruz --

13 Q Senior?

14 A [REDACTED]

15

16 Q And beyond that -- I think you've already  
17 answered this -- you had no specific information that he  
18 was receiving any payments directly from Lieutenant  
19 Colonel North [REDACTED]

20 A No, no. I did not.

21 Q Were you aware during the time frame of 1985,  
22 up until the time you left Venezuela that Robert Owen was  
23 working as a courier for Lieutenant Colonel North  
24 carrying money or intelligence to Central America?

25 A No, I did not.

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1 MR. SMILJANICH: That's all the questions I  
2 have.

3 BY MR. OLIVER:

4 Q Mr. Ambassador, I'd like to ask you about a  
5 few references to you on Oliver North's calendar and in  
6 his notes, as well as some questions relating to the IBC  
7 contract. First, could we enter this as an Exhibit into  
8 the record.

9 (The document referred to was  
10 marked Reich Exhibit Number 1  
11 for identification.)

12 A We never talked about this one.

13 Q That's what I'm going to ask you about.

14 Let the record indicate that we are referring  
15 to a National Security Council memorandum piece of paper  
16 with the names in the lefthand column of Oliver North,  
17 Nestor Sanchez, Frank Gomez, Rich Miller, Otto Reich,  
18 Walt Raymond, Jonathan Miller, Jeff Bell, Jack Abramoff.  
19 In the second column beside their names, in the same  
20 order indicating who they represent, are NSC, DOD, IBC,  
21 IBC, State, NSC, State, Citizens for America, Citizens  
22 for America. In the righthand column are their phone  
23 numbers.

24 And this appears to be a sign-in sheet of some  
25 kind. It should be marked as Exhibit 1.

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1 Mr. Reich, I show you that piece of paper and  
2 ask you if you can recall that meeting and what the  
3 purpose of the meeting was and what transpired.

4 A I recall it now. I believe that we were  
5 invited to a meeting in the sit room, the situation room,  
6 I don't remember by whom, and in fact I think there's a  
7 name missing from here, and that's the man who was head  
8 of Citizens for America at the time, who ran for governor  
9 of New York.

10 Q Would that be Mr. Lou Lehrman?

11 A Yes, that's correct. I think he attended. I  
12 don't remember much about it except that we were told  
13 that Citizens for America wanted to make a presentation  
14 about what they were going to do to inform the American  
15 people about the situation in Central America, and  
16 obviously somebody got them the sit room in the White  
17 House.

18 Usually when I was invited to a meeting at the  
19 White House I attended, unless I physically couldn't go.  
20 I went. We listened to the presentation, and that was  
21 it.

22 Q Why was someone from the Department of Defense  
23 at that meeting?

24 A I don't have any idea. You'd have to ask him.

25 Q Do you remember any reference to the

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1 Department of Defense or anything that that  
2 representative said about DOD's role in this?

3 A No, I don't. I'm not sure that any one of us  
4 said very much. As I said, from what I recall -- what  
5 was the date of this meeting?

6 Q I'm not sure. Do you remember?

7 A No. I mean, it's one of, I'm sure, hundreds  
8 of meetings that I attended. I have a vague  
9 recollection. I remember seeing Lou Lehrman over here  
10 and some of the other people around the table.

11 MR. SMILJANICH: Excuse me. It would be prior  
12 to September of '85, wouldn't it?

13 THE WITNESS: Oh, yes. Well, let me not say  
14 oh, yes, so quickly. I believe it probably would be  
15 prior to September.

16 MR. SMILJANICH: The reason I interjected that  
17 is because Jonathan Miller is shown.

18 THE WITNESS: Is shown at State, and the  
19 reason I say yes is because it's very vague in my mind  
20 and I think it was a while back. But when it would have  
21 been -- '84, '85 -- I don't know. So that's it.

22 BY MR. OLIVER: (Resuming)

23 Q Did you ever attend any other meetings with  
24 this group of people or a similar group of people  
25 regarding a project of this nature?

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1 A I think I met with Jack Abramoff once more or  
2 an additional time. Nestor Sanchez, of course, I did  
3 attend meetings with. And Walt Raymond I attended weekly  
4 meetings with -- at least weekly. But this is an unusual  
5 combination of people. This may be the only time that  
6 this group of people ever got together -- may be the only  
7 time.

8 Q Why were Rich Miller and Frank Gomez at that  
9 meeting?

10 A I don't know. They were probably invited by  
11 someone -- by whoever put on the meeting.

12 Q Do you have any knowledge that they had any  
13 relation to anyone else on that list other than you and  
14 Jonathan Miller?

15 A No, I don't have any knowledge that they would  
16 have.

17 Q Wouldn't it have been unusual for a contractor  
18 to you and Jonathan Miller to be at a meeting without  
19 your knowing why they were there?

20 A Well, let's assume -- okay, I'm assuming --  
21 that Ollie, since his name is first on the list, is the  
22 one who organized the meeting. Obviously he's the only  
23 one who would be able to just quickly get the sit room,  
24 and I'm not even sure that it was quickly. Maybe this  
25 was planned three years in advance. I don't know.

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1           What I'm saying is, let's say it was him.  
2 North, as I said, was one of many people who knew that  
3 IBC had a contract with the State Department, because the  
4 contracts were not classified and because they used to go  
5 around the Executive branch giving and picking up  
6 information. It could be that he invited them, saying  
7 well, these guys should hear what CFA has to say.

8           MR. TUOHEY: I think the question is do you  
9 know that or are you assuming that?

10          THE WITNESS: I'm assuming. I don't know it.

11          BY MR. OLIVER: (Resuming)

12          Q    What was the project the Citizens for America  
13 presented?

14          A    I believe it was some kind of a television  
15 campaign which, if my memory serves me, never got off the  
16 ground. I remember walking out of the meeting saying  
17 that is a very ambitious undertaking and I think that's  
18 the last I ever heard of it.

19          Q    You stated that you met Rich Miller when he  
20 worked at AID in the Public Affairs Division.

21          A    Right.

22          Q    What was your role, if any, in bringing Frank  
23 Gomez and Rich Miller together?

24          A    None.

25          Q    Do you know how they happened to come

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1 together?

2          A    No, I don't.

3          Q    Frank Gomez at the time that IBC, that the  
4 partnership was formed with Rich Miller, Frank Gomez was  
5 under contract to LPD, is that correct?

6          A    To the best of my knowledge, that is correct.

7          Q    Do you recall a phone call from Oliver North  
8 in August of 1984 to discuss arrangements for Frank  
9 Gomez?

10          A    No, I don't. To me, a phone call to me?

11          Q    Yes.

12          A    No, I don't.

13          Q    Do you ever recall discussing arrangements for  
14 Frank Gomez with Oliver North?

15          A    I don't recall ever discussing Frank Gomez  
16 with Oliver North -- Frank Gomez's contracts with Oliver  
17 North.

18          Q    Could I ask you how did the interaction  
19 between you and your deputy, Jonathan Miller, work? Did  
20 he report to you about what he was doing as Mr. Outside,  
21 as you described him earlier?

22          A    Yes. We had a daily staff meeting which later  
23 became three times a week, and since we had a small  
24 office I gave everybody an opportunity. We went around  
25 the table and everybody informed everybody else what they

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1 were doing to avoid duplication. That was one way.

2 And the other. His office was next to mine.  
3 We had offices on two levels. John Blacken, who was the  
4 inside guy, was down with the bulk of the staff producing  
5 materials. I had a small office upstairs that had room  
6 for mine and, next to it, Jonathan, and two secretaries  
7 outside. So Jonathan would come in to my office and tell  
8 me what he was doing or I would go in there and ask him  
9 what he was doing.

10 But, you know, we were working 14 hours a day.  
11 If we were to inform each other what we were doing all  
12 the time, we would spend about half of those hours  
13 informing each other.

14 Q Did he tell you of a luncheon he had at IBC  
15 with Oliver North, Rich Miller and Frank Gomez in early  
16 September of 1984?

17 A I just don't remember if he did or not.

18 Q Do you recall --

19 A Just like he probably didn't tell me about  
20 hundreds of meetings he attended.

21 Q Do you recall how the suggestion for an IBC  
22 contract first came to your attention?

23 A An IBC contract?

24 Q An IBC contract.

25 A Well, as I told you, we had been dealing with

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1 Frank Gomez all along. We were satisfied with his  
2 performance. He came to us -- I believe he came to us  
3 and said I am now a corporation, or words to that effect,  
4 and he maybe even said, you know, because of this I will  
5 be able to give you better service or something faster, I  
6 have more capability, more secretaries or whatever. He  
7 was acting very much on his own, pretty much, to the best  
8 of my knowledge, pretty much on his own, and said the  
9 name of the corporation is International Business  
10 Communications, and that's it.

11 Q That first contract, the work period began  
12 October 1, 1984, a few weeks after the lunch between  
13 Jonathan Miller, Oliver North, Frank Gomez and Rich  
14 Miller. Were you aware of the interaction between Rich  
15 Miller and Frank Gomez and Oliver North from that time  
16 forward while you were director of IBC?

17 A No. Well, wait a minute. You said Rich  
18 Miller and Oliver North -- Jonathan Miller?

19 Q Rich Miller, Frank Gomez, and Oliver North.

20 A No. Jonathan Miller, yes, but not Rich  
21 Miller. Let me add something.

22 MR. ROONEY: No.

23 BY MR. OLIVER: (Resuming)

24 Q Oliver North's calendar -- I'm not referring  
25 to his notes or telephone messages -- shows at least 49

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1 meetings on his calendar with Rich Miller. Were you  
2 aware of the relationship between these two?

3 A No, I was not.

4 Q There is also quite a number of meetings  
5 between Oliver North and Frank Gomez. Were you aware of  
6 the frequency with which Oliver North was dealing with  
7 Frank Gomez?

8 A No, but that wouldn't surprise me as much as  
9 the Rich Miller since, as I said, Gomez had been dealing  
10 with us and everybody knew it.

11 Can I ask you when most of those dates are --  
12 those 40-some meetings?

13 Q Well, the dates that we have run from  
14 September 10, 1984, through the 21st of November, 1986.  
15 When did you leave?

16 A January of '86 I left.

17 Q It shows about 34-35 meetings between  
18 September 10.

19 A So the bulk -- that's what I thought because I  
20 was not aware really of a close connection.

21 Q Were you aware of a contract with S/LPD,  
22 between the Institute for North-South Issues?

23 A Yes. I have been made more aware of it in the  
24 last few months.

25 Q What was the purpose of that contract?

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1 A It was, as I remember, a feasibility study, a  
2 proposal to do a distribution plan for the State  
3 Department for our publications.

4 Q So during the period of time that IBC had a  
5 contract with S/LPD you also executed a separate contract  
6 with the Institute for North-South Issues, which was also  
7 the same two people -- Mr. Miller and Mr. Gomez?

8 A It appears that way, that's correct.

9 Q And these contracts ran simultaneously?

10 A That's what I have been told since.

11 Q So the contract with IBC had to do with the  
12 distribution of materials.

13 A The final contract.

14 Q And the contract with the Institute for North-  
15 South Issues had to do with the evaluation of the  
16 distribution of materials; is that correct?

17 A I believe so.

18 Q So you had a contract with Rich Miller and  
19 Frank Gomez to evaluate what Rich Miller and Frank Gomez  
20 were doing, is the way it appears?

21 A No, not were doing. It was to see whether  
22 they could do it. What they proposed was a proposal.

23 Q What was the date of the Institute for North-  
24 South Issues contract?

25 A I believe it was September of '85.

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1 Q And IBC was already under contract during that  
2 period of time?

3 A I don't remember, but if they were the  
4 contract would have ended in September at the end of the  
5 fiscal year. I think their contract ran to the end of  
6 the fiscal year, but I don't recall that either.

7 Q Do you know why the payments to IBC took place  
8 in every instance substantially after the contract  
9 periods began?

10 A No, I don't. You'd have to ask the  
11 contracting officer or whoever signs the checks.

12 Q Did Oliver North call you -- I believe you  
13 referred to this earlier -- and ask you to expedite a  
14 payment to IBC because they were financially strapped?

15 A I don't recall. As I said, I have a vague  
16 recollection of a possible phone call from North, but I'm  
17 not sure that that was the reason. I do remember a  
18 memorandum from Frank Gomez to us requesting expedited  
19 payment or perhaps even advance payment because they were  
20 going broke, or some words to that effect in, I believe,  
21 the spring of '85.

22 Q Were you aware of the difficulties that the  
23 Defense Investigative Services had in obtaining  
24 information they needed for a security clearance with  
25 IBC?

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1 A No, not really. I knew a little bit, but I  
2 think they started having those difficulties about the  
3 time when I left the office, if I'm not mistaken.

4 Q Were you aware of problems within the  
5 contracting bureaucracy over the award of a third  
6 contract to IBC, the \$276,000 contract?

7 A Oh, I was aware of the problems with the  
8 contract and the bureaucracy over every contract -- IBC  
9 and non-IBC.

10 Q Were you aware that there were objections  
11 raised to the sole source nature of the third contract  
12 because of requirements that it be made a public bidding  
13 process -- a public bidding process be entered into?

14 A I have been told about those since.

15 Q Were you aware of the fact that there were  
16 suggestions made that the way to get around this  
17 requirement for public bidding would be to classify the  
18 contract?

19 A No. I have been told that since.

20 Q Who told you that?

21 A Who told me what?

22 Q Who told you since that --

23 A People in the Department that I've talked to  
24 about this.

25 Q Would it appear to you that perhaps the

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1 classification of this contract might have been in order  
2 to avoid having to go out on a public bidding process?

3 A No. I think that that is an interpretation  
4 that some people would like to put on it, but it is not  
5 the reason why I remember it was classified at the time.

6 Q Is it common for the State Department to  
7 handle defectors who are in jeopardy?

8 A I don't know.

9 Q Have you ever heard of them managing any other  
10 defectors?

11 A We managed ourselves many defectors.

12 Q Did you ever have any secret contracts to do  
13 that other than with IBC?

14 A No. This was our only experience.

15 Q

16 A

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1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 Q Did you ever at any time see or cause to have  
5 done an audit of IBC's expenditures of State Department  
6 funds?

7 A I requested. I requested that every penny  
8 that we paid to IBC be accountable, that we could justify  
9 every single cent, and I requested that of Colonel  
10 Jacobowitz, who was the person who I was relying upon to  
11 deal with the contracting office. And I said, in fact,  
12 that's one of the reasons why I was told that the  
13 contract was taking so long in being signed. That was  
14 one of the "they" that I couldn't remember.

15 "They" included the auditors, the contracting  
16 office. I wanted to make sure it was a perfectly legal  
17 contract, justifiable, et cetera, et cetera, yes, sole  
18 source, because I was told that that was standard  
19 procedure, that it could be done, that it was legal and  
20 done all the time is what I kept having come back.

21 But I also said, look, this is a very large  
22 contract -- at least it was for us. I said I want to  
23 make sure that if anybody ever looks at this contract  
24 years from now that it can be said that the American  
25 taxpayer got their money's worth. And I was told that

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1 there were auditing procedures being set up that were  
2 delaying the signing of the contract -- sort of a Catch-  
3 22 situation.

4 Q Did you know that Jake Jacobowitz' sister was  
5 an employee of IBC?

6 A Yes, I did.

7 Q Do you know how that came about?

8 MR. TUOHY: How he knew?

9 BY MR. OLIVER: (Resuming)

10 Q How it came about that she was an employee of  
11 IBC?

12 A My memory is not clear as to whether she went  
13 to them or they went to her, but there was never any  
14 attempt to hide the fact that she was his sister. He  
15 told me himself, because her name at that time was  
16 Jacobs, and I would not have automatically recognized  
17 Fran Jacobs as Jake Jacobowitz's sister. So he said I  
18 want you to know that Fran is my sister -- Fran Jacobs is  
19 my sister. And I said what can I do about that?

20 Q Did you suggest to him that it might be a  
21 conflict of interest for her to make a presentation for  
22 the IBC contract to him?

23 A No, I didn't. I was kind of in a bind  
24 because, frankly, what went through my mind at the time  
25 was here this company is making a presentation. They

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1 brought a woman in who's obviously qualified because I  
2 had her resume. She was making a professional  
3 presentation. I'm not in that business, but I could tell  
4 it was a good presentation, and so it's finished.

5 So I said to myself, you know, I either tell  
6 him that yes, we would like to hire them but not with  
7 her, in which case I'd be slapped with some kind of a  
8 discrimination suit, probably, or something. Or I fire  
9 Jake, I say Jake, you've got to go because we're going to  
10 hire this company. I didn't think there was any conflict  
11 of interest. Jake was not going to be supervising her.  
12 Jake was working for me.

13 Q Jake Jacobowitz was the successor to Mark  
14 Richards; is that correct?

15 A No, no, no. He had nothing to do with Mark  
16 Richards.

17 Q Mark Richards was assigned to LPD while he was  
18 an officer --

19 A Oh, I'm sorry. By "successor" I thought you  
20 meant did he take his job. Mark Richards was a detailee,  
21 that's correct. Then he retired and we hired him as a  
22 contractor. I wanted to keep him on, but he wanted to  
23 retire. In fact, I think he had to retire. He was up  
24 against the limit. And then I believe that Jake  
25 Jacobowitz was the next detailee that they sent over. I

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1 did not know him from Adam when he was sent over.

2 Q Was Mark Richards' job to brief and to  
3 background various news media representatives?

4 A That's correct.

5 Q Isn't that a job that's usually associated  
6 with the press spokesman or the Office of Public Affairs  
7 in the Department of State?

8 A The reason why our office was created is  
9 because very high-ranking people, including the  
10 President, felt that certain jobs were not being done,  
11 including briefing the press properly. Everything that  
12 our office did you could isolate.

13 Q So you undertook a separate briefing of the  
14 press operation in your office?

15 A Yes, but we always coordinated with the Bureau  
16 of Public Affairs to make sure that we weren't either  
17 duplicating and wasting our time or contradicting them.  
18 We worked very closely with them. They just didn't have  
19 the capabilities. They don't have the people to do what  
20 our office did.

21 We would provide, for example, Mark Richards  
22 would sit with a reporter for four hours explaining a  
23 certain aspect of guerrilla war in El Salvador or the  
24 capabilities of a MIG-21. For example, why is the United  
25 States so upset about the possible introduction of MIGs

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1 into Nicaragua? Here's Mark Richards; he'll tell you  
2 what is a Hind-24 and why are you guys saying that this  
3 changes the balance of power. Mark Richards would sit  
4 down for eight hours. Nobody in the Bureau of Public  
5 Affairs can do that. They don't have the time. They  
6 don't have the skill.

7 Q Were you aware that rather than hiring Mark  
8 Richards as a consultant you hired him in his corporate  
9 form?

10 A Eventually, yes. That's correct. First I  
11 believe we hired him as a contractor and then he formed a  
12 corporation, once again I believe for tax purposes. And  
13 there was a long, drawn-out and completely legal process  
14 with the contracting office to see how he could be hired  
15 as a corporation. There's nothing wrong with that.

16 Q I didn't say there was.

17 A But your tone indicated that there was  
18 something wrong.

19 Q Well, I didn't mean for my tone to indicate  
20 that there was anything wrong. We found it strange that  
21 we couldn't find Mark Richards. We had a copy of the  
22 contract and we never could find him. The State  
23 Department we asked on a number of occasions who is Mark  
24 Richards and how do we find him, and they didn't know.  
25 This was after he had left when we were looking into

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1 these various contracts.

2 And the only way we found him was looking in  
3 the State Department telephone directory of a couple  
4 years before that and found his name.

5 A Well, that's very strange.

6 Q It was confusing.

7 A He would be very upset to hear that, that we  
8 have forgotten him to quickly.

9 Q I don't know who was asked. I wasn't the one  
10 that was doing the asking at that period of time.

11 Let me ask you -- I'm going to come back to  
12 IBC in just a minute, but I'd like to ask you about your  
13 switch from AID to LPD. Do you know what the genesis of  
14 that was, whose idea it was for you to switch over?

15 A For me, Otto Reich, or for the office to be  
16 created?

17 Q You, Otto Reich.

18 A I believe it was a combination of discussions  
19 that I had with a number of people, including Dick Stone,  
20 Senator Stone, Walt Raymond, Jeanne Kirkpatrick. I'm  
21 sure there were other people involved, but I kind of made  
22 a pest of myself, saying this government does a lousy job  
23 and we deserve all the guff we're getting from the  
24 Congress because we are not providing the information. I  
25 see it coming across my desk every day. Let's do

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1 something about it.

2 And eventually they said fine. It's like the  
3 Army; I was volunteered and I accepted it.

4 Q But is it your understanding that Walt Raymond  
5 was the one at the NSC who pushed the creation of LPD?

6 A I don't think it's fair to say he pushed it. I  
7 believe Judge Clark asked him to do the staff work that  
8 helped to create the office, because I remember sitting  
9 down with him and talking about what would this office do  
10 and how.

11 Q Did LPD report to the NSC?

12 A That's correct, yes.

13 Q And a representative of LPD met with the  
14 Security Planning Group on a weekly basis?

15 A Approximately -- NSPG -- not the NSPG; I'm  
16 sorry. Well, really we met with Walt Raymond. I don't  
17 know what hat Walt Raymond might have been wearing,  
18 whether it was his NSDD-77 hat. I always thought that it  
19 was in his NSDD-77 hat. Once a week we would have public  
20 diplomacy types from State -- not public diplomacy. Once  
21 a week we had a meeting on information. Are we doing  
22 enough to get information out?

23 And it would be held in Walt Raymond's office.  
24 There were a lot of other meetings, by the way. There  
25 was also a meeting on public affairs, for example,

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1 separate.

2 Q Did Ollie North attend those meetings?

3 A Very infrequently. Yes, he did, but very  
4 infrequently.

5 Q Were you involved in the organization of a  
6 dinner which took place on April 15, 1985, for the  
7 Nicaraguan Refugee Fund?

8 A We were asked to provide government support  
9 for that -- for example, speakers. I spoke at that  
10 dinner and President Reagan spoke. We were the only  
11 speakers. I let him go first. I thought it was the  
12 least I could do.

13 The answer to your question is yes, but I'd  
14 like to tell you what that means. We didn't know who  
15 this group was and, frankly, I wanted to make sure that  
16 the government wasn't going to be -- that the government,  
17 particularly since the President was going to be  
18 involved, that we weren't going to get involved with some  
19 group that was shady or that the money was going to be  
20 used for the wrong purposes, et cetera.

21 We did the best we could without crossing the  
22 line from government officials telling private people  
23 what they can do, and I think our involvement probably  
24 helped to improve the thing. But it turned out to have a  
25 lot of problems. I was very unhappy with it after it was

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1 finished.

2 Q Did you meet with Edie Fraser on occasions  
3 related to that dinner?

4 A I believe I did, yes.

5 Q What was the purpose of those meetings?

6 A Oh, somebody brought her to a meeting or  
7 something, brought her to my office and said that she had  
8 been hired, I guess, by the people putting on the dinner  
9 to help them publicize it or whatever it is she does, or  
10 organize it.

11 Q Were you aware of Rich Miller and Frank Gomez'  
12 work with the National Endowment for the Preservation of  
13 Liberty?

14 A I became aware of that quite late in my  
15 tenure. I believe, in fact, that it was -- I don't  
16 remember exactly when, but I do remember receiving a  
17 brochure from the National Endowment for the Preservation  
18 of Liberty which was sent to me by Miller or Gomez -- I  
19 believe Miller, and the reason I say that is that it  
20 either had an envelope from him or it had a card from  
21 Miller. I associated Miller with the brochure or packet  
22 -- packet of information.

23 Q Were you aware of the briefings that were  
24 being arranged at the White House for private citizens by  
25 the National Endowment for the Preservation of Liberty?

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1 A Not by the National Endowment. I personally  
2 briefed thousands of private citizens at the White House  
3 and the Old EOB and all over the country, but to my  
4 knowledge I never spoke -- and I say to my knowledge  
5 because I don't know frankly who organized each and every  
6 one of those briefings -- I never spoke at something  
7 sponsored by the National Endowment for the Preservation  
8 of Liberty.

9 Q What about the American Conservative Trust?

10 A The same answer.

11 Q Were you aware of the television ads that were  
12 run in support of aid to the contras designed to  
13 influence the Congress?

14 A I saw them on television.

15 Q Were you aware that the SPG or the NSC were  
16 involved in the timing of those ads or in working with  
17 those groups?

18 A No. That's news to me -- that the SPG or the  
19 NSC was involved in the timing of those ads?

20 Q Yes. That was my question.

21 A No. Can I ask you a question? When did those  
22 ads run?

23 Q Well, there were two periods in which the ads  
24 ran. One was in the late winter-early spring of 1985 and  
25 the other period was late winter to late spring of 1986.

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1 There was another series of ads in the fall of 1985 that  
2 were related to SDI that wouldn't have been in your --

3 A Well, I can certainly answer that. When you  
4 say late fall of '85 and early winter, in other words  
5 like November-December of '85, is that when they started  
6 running?

7 Q Well, there were some ads that were run in  
8 November of '85 related to the summit.

9 A I'm talking about the Central America-related  
10 ones. When did they start? See, my memory, my  
11 recollection, is that I started seeing those ads when I  
12 was already Ambassador-designate to Venezuela, and my  
13 reaction was good for them, whoever they are. But I  
14 didn't look into it. I mean, my concern was Caracas. I  
15 don't remember seeing the ads before that.

16 Q Were you aware of a memorandum of a program or  
17 memorandum describing a program that Oliver North  
18 compiled showing all the different activities that were  
19 going to be undertaken in connection with the vote on  
20 Nicaragua -- I mean, a group showing the tasking?

21 A If you can show me something. I mean, I don't  
22 know how many thousands of memorandums I've seen.

23 Q Do you know a man named Thomas Dowling?

24 A No, I don't believe so.

25 Q Were you aware -- you've never heard that

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1 name?

2 A The name kind of rings a bell, but no. I  
3 don't ever remember meeting a man by the name of Thomas  
4 Dowling. But I may have heard that name.

5 Q Are you aware of a company called Bragg  
6 Communications?

7 A No, I never heard of it.

8 Q Do you know why money, payments to IBC from  
9 State Department, why some of the money that was paid to  
10 IBC went to Bragg Communications?

11 A I don't know that money that was paid to IBC  
12 went to Bragg Communications, much less why.

13 Q Their bank accounts indicate checks.

14 A It's the first I ever heard of it.

15 Q A receipt and balance. The payments I think  
16 were in \$12,000 increments. The next payment was \$6,000  
17 to Bragg Communications.

18 A But just a second, because IBC had a lot of  
19 clients, and it's not right to say that money went from  
20 the State Department to IBC then went to Bragg  
21 Communications. I have no idea.

22 Q Well, if their bank account has \$1,000 in it  
23 and they get a \$12,000 deposit from State Department  
24 check and there's no other money in the account and the  
25 next check is a \$6,000 check to Bragg Communications, you

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1 could draw the conclusion.

2 MR. TUOHEY: Your answer is you don't know  
3 anything about it?

4 THE WITNESS: No, I don't. I never heard of  
5 Bragg Communications.

6 BY MR. OLIVER: (Resuming)

7 Q Were you aware that Rich Miller and Frank  
8 Gomez were being instructed by Oliver North to transfer  
9 funds to a Cayman Islands bank account?

10 A No, not until the story broke in the papers.

11 Q Do you know whether or not Jonathan Miller  
12 knew about the establishment of that bank account?

13 A I have no idea.

14 Q He never told you about the establishment of  
15 that bank account?

16 A Never.

17 Q Let me run through, if I may, some things in  
18 Oliver North's calendar that refer to you. We've already  
19 asked about the lunch. There are several meetings in  
20 September of 1984 indicating on Oliver North's calendar--  
21 one on September 14, one on September 17 -- with you,  
22 Arturo Cruz, Jr., Jonathan Miller and Oliver North, at  
23 12:00 -- that may have been lunch.

24 Do you remember those meetings or luncheons?

25 A I don't remember, but it probably happened. I

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1 have no reason to believe it didn't happen.

2 Q Do you know why you would have two meetings in  
3 a three-day period with your Deputy, Arturo Cruz, and  
4 Oliver North?

5 A Why not? Arturo Cruz was full of information.

6 Q Was that the primary purpose of those  
7 meetings?

8 A Oh, yeah.

9 Q Was to debrief Arturo Cruz?

10 A Not only debrief, but I mean debrief sounds  
11 like we sat him down -- to discuss what was doing on in  
12 Central America. Cruz sometimes had ideas for us about  
13 how to deal with the Sandinistas.

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Q Do you know why Jonathan Miller, Frank Gomez

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1 and Rich Miller met with Oliver North in January of 1985?

2 A No, I do not.

3 Q Did Jonathan Miller ever tell you about that  
4 meeting?

5 A Oh, he may have.

6 Q Did he ever tell you about a meeting with Rich  
7 Miller, Frank Gomez and Oliver North and himself?

8 A He may have. I just don't have any  
9 recollection.

10 Q You don't remember or have any recollection  
11 about that. There's a reflection on Oliver North's  
12 calendar on January 28, 1985, that says 2:30, Bob Rilly,  
13 Jackie Tillman, Menges, Reich, Jonathan Miller, John  
14 Norton Moore, re constitutional and legal aspects of U.S.  
15 involvement in Central America. Do you remember that  
16 meeting?

17 A Vaguely. I think John Norton Moore came and  
18 gave us a briefing on his interpretation of the  
19 constitutional debate going on right now, but I mean I'm  
20 not a lawyer so I don't remember exactly what he said --  
21 I don't mean right now -- going on at the time. And I  
22 think he had written a paper.

23 I think it might have had to do with the World  
24 Court, the ICJ suit. That was a big issue and John  
25 Norton Moore wrote articles about the ICJ suit and our

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1 office was very much involved on the public diplomacy  
2 side of that.

3 Q Do you remember meeting at a townhouse at 517  
4 Third Street, Northeast, that I believe is owned by Dan  
5 Kuykendahl where his offices were?

6 A Yes, I do.

7 Q What was the purpose of that meeting or series  
8 of meetings?

9 A Well, not series of meetings. I remember  
10 going there, I think, only once. This group, Gulf and  
11 Caribbean Foundation, I believe Dan Kuykendahl had either  
12 purchased that townhouse or rented it or something and  
13 invited a bunch of people over to see it, and there  
14 ensued a meeting that dealt with legislation, with  
15 legislation pending, and I decided that I didn't want to  
16 get there and I left.

17 Q Was Oliver North there?

18 A I don't remember. I felt uncomfortable. I  
19 remember feeling uncomfortable. That was not the first  
20 time this happened to me. A number of times when I found  
21 myself in meetings where people were discussing things  
22 that I didn't think that I should be exposed to -- I  
23 mean, they were private citizens. They had every right to  
24 do whatever, but I felt frankly that they should have  
25 told me in advance.

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1 I don't remember the details, but I do  
2 remember excusing myself politely and saying I had  
3 another meeting.

4 Q Were you aware that Jonathan Miller or Frank  
5 Gomez or Rich Miller attended those meetings frequently  
6 to discuss legislation?

7 A Those meetings?

8 Q Yes.

9 A When I say discussing legislation I mean I  
10 attended a lot of meetings where legislation was  
11 discussed in and out of government.

12 Q I'm asking about the meetings at Dan  
13 Kuykendahl's townhouse.

14 A No. I may have. Jonathan may have told me.  
15 I probably didn't see anything sinister.

16 MR. TUOHEY: The question was, was Jonathan  
17 Miller there.

18 THE WITNESS: Oh, I don't remember. I don't  
19 remember if he was there or not.

20 BY MR. OLIVER: (Resuming)

21 Q Were there any discussions at those meetings  
22 that related to legislation where the discussion of  
23 television ad campaigns were brought up or discussed in  
24 any way?

25 A I don't believe so. I don't recall.

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1 Q There's a notation in Oliver North's calendar  
2 of a meeting with Jonathan Miller and someone named  
3 Christina.

4 A Probably Christina Luns, who worked for Ollie  
5 for a month or two, and then she was scheduled to come  
6 over to the State Department and then she got a job in  
7 Paris -- poor kid.

8 Q What was she doing for Ollie?

9 A I don't know.

10 Q Why would she have been meeting with Jonathan  
11 Miller and Ollie at the State Department?

12 A I don't know. If I knew the reason for the  
13 thousands of meetings we held -- I mean, there are  
14 meetings that I attended that I couldn't tell you today  
15 if my life depended on it.

16 MR. TUOHNEY: But your answer is you don't  
17 know?

18 THE WITNESS: No, I don't know.

19 BY MR. OLIVER: (Resuming)

20 Q There is a reference in Ollie North's notebook  
21 to a call to you on July 27 -- I believe it's 1984 --  
22 regarding filming doing well and the name Archbishop  
23 Hannon next to it and the name Dowling under it.

24 Do you recall what that phone call might have  
25 been about?

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1 A Archbishop Hannon, I believe, is the  
2 Archbishop of New Orleans, and I vaguely recall some kind  
3 of a film they were doing on Nicaragua. And they may  
4 have requested some kind of U.S. Government assistance,  
5 you know -- information, what's the best way to get there  
6 from here and give us background. We would provide  
7 background information.

8 Q Do you remember any filming that Ollie North,  
9 or do you know of any filming that was going on that he  
10 was involved in?

11 A No.

12 Q In his notes there is also your name and next  
13 to it it says "Sea transport next week."

14 A My name and "sea transport" -- sea as in  
15 ocean?

16 Q Yes. Do you have any idea what that would be  
17 a reference to?

18 A No. Maybe he was going to send me off to  
19 invade some island or something.

20 Q There's also a notation on a call from Rob  
21 Owen, and then underneath that two ticks with the name  
22 John Hull and the name Otto Reich.

23 A I've never met John Hall. I've heard his name  
24 since this has come up in the hearings.

25 Q But that wasn't discussed with you?

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1 A I'm sorry. John Hall?  
 2 Q H-u-l-l.  
 3 A No. I know a John Hall -- H-a-l-l.  
 4 Q There's also a note that says "call from Otto  
 5 Reich re: Brooklyn Rivera."

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9 Q Within the same parentheses, referring to that  
10 conversation, there is the words "Robelo getting  
11 \$120,000". Do you know what that's about?  
12 A I have no idea.  
13 Q Do you remember any reference to that?  
14 A No.  
15 Q In the conversation?  
16 A No.  
17 Q There is also a call from Mark Richards that  
18 refers to taking surreptitious pictures of Hinds and MI-  
19 8s. Do you know anything about that?  
20 A A call from Mark Richards to Ollie North?  
21 Q Yes.  
22 A We probably needed some pictures for one of  
23 our brochures and it could be that Mark was trying to  
24 figure out if Ollie had any pictures or could cause any  
25 pictures to be taken of the Soviet Hinds in Nicaragua.

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1 I'm speculating here.

2 Q There's another note that says "Otto Reich",  
3 and I don't know whether this is related to you, but  
4 right next to it is "call Lew Tambs", and then meeting  
5 with Miller, Miller, Gomez. I assume that's Jonathan and  
6 Rich.

7 A No. I know, of course, where Lew Tambs is.

8 Q There's another notation on 16 February that  
9 says call back to Otto Reich -- NRF moving. Do you know  
10 what that would refer to?

11 A What's the year?

12 Q That would be 1985.

13 A NRF was, I believe, the Nicaraguan Refugee  
14 Fund. That was that dinner that eventually got organized  
15 in April.

16 Q And you were telling him that it was moving  
17 along?

18 A Yeah. I told you we were involved and it  
19 eventually happened April 15 of '85, I guess it was.

20 Q There is another call in June of 1985 that  
21 says "call Otto/Fred Ikle re: weapons." Do you have any  
22 recollection of anything --

23 A No. I never dealt with weapons of any kind.

24 Q Do you know why your name would be slashed  
25 with Fred Ikle's?

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1 A No. I attended lots of meetings where Fred  
2 Ikle -- I shouldn't say lots of meetings -- a number of  
3 meetings where Ikle was present, but I don't recall any  
4 of them having to do with weapons.

5 Q Did you ever receive a thank you letter from  
6 the President in the summer of 1985 for your efforts on  
7 behalf of the vote, the Congressional votes?

8 A I've gotten a number of letters from the  
9 President, but I don't recall any one having anything to  
10 do with the vote -- one for my AID work, several letters,  
11 but nothing, to my knowledge, to do with the vote. They  
12 are hanging on my wall in Caracas, if you want me to  
13 check.

14 MR. TUOHY: Just for the record, is there  
15 such a letter, Spencer?

16 MR. OLIVER: There's a reference to  
17 Presidential letters for, and then a string of names,  
18 including Otto's and other names of people who were  
19 lobbying.

20 THE WITNESS: Another broken promise. I  
21 didn't get it.

22 BY MR. OLIVER: (Resuming)

23 Q Were you aware of a meeting in February of  
24 1985 that took place between your deputy, Jonathan  
25 Miller, Oliver North, Rob Owen, Rich Miller and Frank

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1 Gomez?

2 A In February of '85?

3 Q Yes, the 27th of February.

4 A No.

5 Q Jonathan Miller never told you about it?

6 A I don't recall. I can't say that he did and I  
7 can't say that he didn't. I have no recollection.8 Q Let me show you another document which I'd  
9 like to have entered as Exhibit 2.10 (The document referred to was  
11 marked Reich Exhibit Number 2  
12 for identification.)13 It is a memorandum from Oliver North to Robert  
14 McFarlane, attached to which is a chronological event  
15 checklist that includes several references to Mr. Reich.  
16 I show you this document and ask you to take a minute to  
17 read it and tell me what you know about it.18 MR. TUOHY: 3/20/85 is the date in pen in the  
19 upper righthand corner. Is that the date of the memo?

20 MR. OLIVER: If you turn, you will see.

21 (Pause.)

22 BY MR. OLIVER: (Resuming)

23 Q Could you tell me what the genesis of that  
24 document is and what you know about it?

25 A Well, I'm glad you told me that it was from

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1 Ollie North because State Department people have a copy  
2 of something similar to this and they were telling me  
3 that it had come out of my office and I kept insisting  
4 that we never wrote such a document. I said this  
5 document was not written by us and I'll tell you why, and  
6 I pointed to some of the office designations. We would  
7 never refer to ourselves as State/LPD because there's no  
8 such thing. If you are inside State Department it would  
9 be S/LPD or ARA/LPD or whatever.10 I said this document was written by someone  
11 else who knows what's going on, and frankly in my mind I  
12 suspected a number of people, including Ollie. Suspect  
13 is a strong word. I thought it would be -- Ollie used to  
14 write these things and pass them around and he would put  
15 people down. By the way, some of these things are  
16 perfectly legitimate.17 Send resource book on the Contadora process to  
18 Congress. We did that.

19 Q I'm not saying there's anything --

20 A But some of the questioning from the State  
21 Department people, they didn't seem to understand. They  
22 thought that we were taking orders from some unknown  
23 person somewhere or giving orders to other people because  
24 there are certain things in here. I've not seen this  
25 particular one, but there are other similar -- forSECRET  
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1 example, Kuykendahl. Kuykendahl is a private citizen.  
 2 He has no business, in my opinion, being in a chronology  
 3 of events for the government unless it's an  
 4 informational, which we did have a lot of informational  
 5 memos like this letting people know what we are doing.

6 Here is State Department, Reich, again --  
 7 publish and distribute as State Department document  
 8 Nicaragua's Development as a Marxist-Leninist State. I  
 9 believe we did that. Reverend Vallardo Santeliz, I don't  
 10 remember this.

11 MR. TUOHEY: I don't know if there is a  
 12 question pending right now.

13 MR. OLIVER: I was asking him to tell me what  
 14 he knew about the document and I think that's what he was  
 15 doing.

16 THE WITNESS: It looks familiar.

17 BY MR. OLIVER: (Resuming)

18 Q Well, had you seen those documents before?

19 A Oh, yes.

20 Q While you were at LPD?

21 A Yeah, sure.

22 Q Would it be fair to say that that was a  
 23 tasking memorandum of some kind?

24 A No. We never saw it as a tasking memorandum.

25 Q But you saw those memorandums?

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1 A We saw it as a chronology of events that were  
 2 taking place related to what was going on, taking place  
 3 or being done by a lot of different people inside and  
 4 outside of government. It was sort of information.

5 Q Were you aware that Frank Gomez was part of  
 6 this effort on the lobbying of Congress?

7 A Lobbying the Congress?

8 Q I believe that that's related to events which  
 9 are going to take place prior to the vote in the spring  
 10 of 1985.

11 A Okay. I just opened to the page here. Major  
 12 rally in the Orange Bowl in Miami attended by President  
 13 Reagan. I don't think that's lobbying of Congress.

14 Q If you look at the beginning of the memorandum  
 15 you will see --

16 A But let me finish.

17 MR. TUOHEY: The question is very simple.  
 18 Just answer the question. Were you aware that Miller and  
 19 Gomez were involved in any lobbying efforts?

20 THE WITNESS: No.

21 BY MR. OLIVER: (Resuming)

22 Q Let me just ask you quickly about a few names  
 23 and ask if you know them.

24 Spitz Channell?

25 A Never met him, to my knowledge.

**UNCLASSIFIED**

**UNCLASSIFIED**

121

1 Q Dan Conrad?  
 2 A Not to my knowledge.  
 3 Q Cliff Smith?  
 4 A Not to my knowledge.  
 5 Q Ken Campbell?  
 6 A Yes.  
 7 Q Was Ken Campbell involved in any of your --  
 8 A Not in any of my activities. I dealt with Ken  
 9 Campbell frequently on the phone.  
 10 Q Marty Artiato?  
 11 A Never heard of him. I should say not to my  
 12 knowledge.  
 13 Q Bruce Cameron?  
 14 A Yes.  
 15 Q What was Bruce Cameron's --  
 16 MR. SMILJANICH: Off the record.  
 17 (A discussion was held off the record.)  
 18 BY MR. OLIVER: (Resuming)  
 19 Q Let me just ask one more question. Were you  
 20 aware that Rich Miller was targeting various Congressmen  
 21 for Spitz Channell's television ad campaigns?  
 22 A No.  
 23 MR. OLIVER: That's it.  
 24 MR. SMILJANICH: Mr. Ambassador, thank you  
 25 very much for making yourself available.

**UNCLASSIFIED****UNCLASSIFIED**

122

1 (Whereupon, at 1:12 p.m., the taking of the  
 2 instant deposition ceased.)  
 3 \_\_\_\_\_  
 4 Signature of the Witness  
 5 Subscribed and sworn to before me this \_\_\_\_\_ day of  
 6 \_\_\_\_\_, 1987.  
 7 \_\_\_\_\_  
 8 Notary Public  
 9 My Commission Expires: \_\_\_\_\_

**UNCLASSIFIED**

**UNCLASSIFIED**

## CERTIFICATE OF REPORTER

I, MICHAL ANN SCHAFER, the officer before whom the foregoing deposition was taken, to hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Michal Ann Schaffer  
Notary Public

in and for the District of Columbia

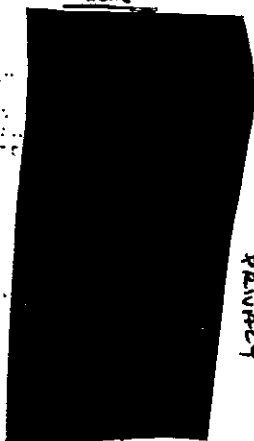
My Commission Expires: February 28, 1990

**UNCLASSIFIED****UNCLASSIFIED**

NO DATE

## MEMORANDUM

NATIONAL SECURITY COUNCIL

<u>NAME</u>	<u>REPORTING</u>	<u>FILE</u>
Oliver North	NSC	
NESTOR SANCHEZ	DOD	
Frank Gomez	I.B.C.	
RICH MILLER	I.B.C.	
OTTO REICH	STATE	
WALT RAYMOND	NSC	
Jonathan Miller	State	
Jeff Bell	CIA	
Jack Abram M	CFA	

Partially Declassified/Released on 10/22/88  
under provisions of E.O. 12356  
by K. Johnson, National Security Council

5616

Reich  
Exhibit #1  
7/15/87 mo

**UNCLASSIFIED**

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82-115

To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
5			
6			

<input checked="" type="checkbox"/>	ACTION	FILE
<input type="checkbox"/>	APPROVAL	INFORMATION
<input type="checkbox"/>	COMMENT	PREPARE REPLY
<input type="checkbox"/>	CONCURRENCE	RECOMMENDATION
<input type="checkbox"/>	DIRECT REPLY	RETURN
<input type="checkbox"/>	DISPATCH	SIGNATURE

REMARKS:  
cc: Oliver North (#2 and 3)  
Jim Radzinski (#4)

20 MAR 85 09:01 21205

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N 40300

1411

NSC/ICS CONTROL NO. 400300

COPY NO. 2 OF 4

HANDLE VIA SYSTEM IV CHANNEL ONLY

REICH  
EXHIBIT #2

# NSC INTELLIGENCE DOCUMENT

Partially Declassified/Revised on 2/20/2017  
Under provisions of E.O. 12958  
by 2, Roger National Security Council

Warning Notice  
Intelligence Sources and Methods Involved  
NATIONAL SECURITY INFORMATION  
Unauthorized Disclosure Subject to Criminal Sanctions



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02NOFF BOX 21-28  
3/31/87

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SYSTEM IV  
NSC/ICS-400300

MEMORANDUM

NATIONAL SECURITY COUNCIL

March 20, 1985

N 40301

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ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORCH

SUBJECT: Timing and the Nicaraguan Resistance Vote

Attached at Tab A is the most recent version of the chronology of events aimed at securing Congressional approval for renewed support to the Nicaraguan Resistance Forces. This schedule results from the four communications/media meetings we have had with Pat Buchanan's ad hoc working group. Please note that the schedule continues to focus on a vote at the end of April triggered by submission of the required report on or about April 15.

In addition, to the events depicted on the internal chronology at Tab A, other activities in the region continue as planned--including military operations and political action. Like the chronology, these events are also timed to influence the vote:

- planned travel by Calero, Cruz, and Robelo;
- various military resupply efforts timed to support significantly increased military operations immediately after the vote (we expect major Sandinista crossborder attacks in this timeframe--today's resupply to [redacted] from [redacted] went well); and
- special operations attacks against highly visible military targets in Nicaragua.

Some of these efforts will proceed whether or not the vote occurs as planned at the end of April. For example, today Bernardino Larios, former Sandinista Defense Minister, defected to Costa Rica and is now in Panama (you were briefed on this operation during the trip). Others, however, including actions by U.S. interests groups are very sensitive to the timing. Next week the networks auction their air time for 15, 30, and 60 second commercials during prime viewing hours. These groups are prepared to commit nearly \$M for commercial air time and the

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N 40302

production of various advertising media. If we are to retain their support, we must let them know by Friday whether or not they should proceed. To the maximum extent we have tried to prevent the kinds of errors that will cost them financially or politically. Unfortunately, some, like the Young Republicans ad, get through--this has been fixed.

It is important that a decision be taken no later than noon, Friday, March 22, if we are to proceed with the events in the checklist (Tab A) and those activities which support a vote at the end of April.

Senator Durenburger plans to make a major speech on this issue at the National Press Club next Tuesday, March 26. We should at least give him a sense of what to expect before he speaks.

You should also be aware that Director Casey has sent a personal note to Don Regan on the timing matter. We are attempting to obtain a copy for your use.

Worthlind has apparently completed an analysis on some recent polling data. It reportedly does not look good for a vote at this time.

Finally, Jim Michel reminds that in your meetings with the Central American Heads of State you told them that we would be quiescent during the early Spring, but that in April we would act. This description fits either scenario--going for the vote or a fallback option with sanctions. One way or the other, we need to have a decision.

RECOMMENDATION

That you discuss this matter with Don Regan and urge that a decision be made on timing by noon on Friday, March 22.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

Attachments

Tab A - Chronological Event Checklist (dtd March 20, 1985)  
Tab B - Young Republicans Ad

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March 20 4 Q 3 83

~~CONFIDENTIAL~~CHRONOLOGICAL EVENT CHECKLIST

February 21-28, 1985 (completed)

<u>Event</u>	<u>Responsibility</u>
Send resource book on the Contadora process to congressmen, media outlets, private organizations and individuals interested in Nicaragua.	State/LPD (Miller)
FDN to select articulate freedom fighters with proven combat records and to make them available for contact with U.S. media representatives.	NSC (North)
Assign U.S. intelligence agencies to research, report, and clear for public release Sandinista military actions violating Geneva Convention/civilized standards of warfare.	NSC (North) (Raymond)
Prepare themes for approaches to Congressmen based on overall listed perceptions which will directly attack the objections listed above.	NSC (North)
Encourage U.S. media reporters to meet individual FDN fighters with proven combat records and media appeal.	NSC (North) State/LPD (Gomez)
Contact internal eyewitnesses/victims to testify before Congress about their abortive attempts to deal with the FSLN (deadline March 15).	NSC (North)

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10004

March 1-8, 1985

<u>Event</u>	<u>Responsibility</u>
Prepare list of publicly and privately expressed Congressional objections to aiding resistance and voting record on the issue.	WH/LA State/H
Provide State/H with a list of Nicaraguan emigres and freedom fighters to serve as potential witnesses to testify before hearings on aid to Nicaraguan freedom fighters (due March 15).	NSC (North) State/ARA (Miller) State/LPD (Reich)
Nicaraguan internal opposition and resistance announce unity on goals and principals (March 2, San Jose) (completed).	State/LPD NSC (North)
Request that Zbigniew Brzezinski write a geopolitical paper which points out geopolitical consequences of Communist domination of Nicaragua (paper due March 20).	NSC (Menges)
Briefings on Nicaragua for key Congressional members and staffers. North on NU aggression and external involvement, Burghardt on diplomatic situation.	NSC (North) (Burghardt)
Supervise preparation and assignment of articles directed to special interest groups at rate of one per week beginning March 18 (examples: article on Nicaraguan educational system for NEA, article by retired military for Retired Officers Association, etc.).	State/LPD
Assign agencies to draft one op-ed piece per week for signature by Administration officials. Specify themes for the op-eds and retain final editorial rights.	NSC (Menges)
Conduct public opinion poll of America attitudes toward Sandinistas, freedom fighters.	WH (Rollins)
National Press Club news conference for PDN commanders Bermudez, Tigrillo, Mike Lima (March 5) (follow-on Congressional visits (March 6) (completed).	State/LPD (Gomez) (Kuykendall)
Martha Lida Murillo (9 yr old atrocity victim) visit to Washington--media interviews, Congressional visits, possible photo-op with First Lady (March 6-8) (completed).	State/LPD (Gomez) (Kuykendall) (WH/OPL)

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N 40305

March 9-15, 1985

<u>Event</u>	<u>Responsibility</u>
WH/Legislative Affairs, State/H and ARA complete list of key Congressmen interested in Nicaragua.	State/H (Ball/Fox) WH/LA State/ARA (Michel/Holwill)
Intelligence briefing for White House Administration and senior staff by CIA (Vickers, Room 208, OEOB, 30 minutes).	NSC (North)
Brief Presidential meeting with Lew Lehrman and other leaders of the influence groups working on MX and resistance funding.	NSC (Raymond) (North)
State/LPD and WH Media Relations prepare a list of key media outlets interested in Central American issues, including newspapers, radio, and TV stations (including SIN). Where possible identify specific editors, commentators, talk shows, and columnists.	NSC (North) State/LPD (Miller)
NSC update talking points on aid to Nicaraguan freedom fighters.	NSC (North)
Briefings in OEOB for members/Senators: Shultz, McFarlane, Gorman, and Shlaudeman to brief Lehman (requires General Gorman to be placed on contract).	NSC (North) (Lehman)
Call/visit newspaper editorial boards and give them background on the Nicaraguan freedom fighters.	State/LPD (Reich) WH/PA NSC (North)
Brief OAS members in Washington and abroad on second term goals in Central America. Explore possible OAS action against Nicaragua.	OAS (Middendorf) NSC (Menges) State/LPD (Reich)
VP at Brazilian inauguration. Discuss possible OAS initiative on Nicaragua with Core Four, Colombia, Brazil, and Uruguay (March 15 and 16).	VP (Hughes)
Prepare a "Dear Colleagues" ltr for signature by a responsible Democrat which counsels against "negotiating" with the FSLN.	NSC (Lehman)

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N 40306

CONFIDENTIALMarch 16-22, 1985Event

Results due on public opinion survey to see what turns Americans against Sandinistas (March 20).

Joachim Maitre--Congressional meetings, speeches, and op-ed pieces.

Review and restate themes based on results of public opinion poll.

Presidential drop-by at briefing for American evangelicals on MX and Nicaraguan resistance.

Congressional hearings (Foreign Relations/ Affairs) and testimony by Nicaraguan emigres and atrocity victims.

Prepare document on Nicaraguan narcotics involvement.

SSCI CODEL Boren, Rockefeller, McConnell, and Wilson [redacted] for meetings with resistance (March 15-19).

VP in Honduras; meeting with Pres Suazo (March 16).

Argentine state visit; President emphasize need for OAS case (March 19).

Pastora and Calero meeting with Congressional Hispanic Caucus (Jorge Mas) (March 20).

Production and distribution of La Prensa chronology of FSLN harassment.

Responsibility

NSC (Hinckley)

State/LPD  
(Kuykendall)State/LPD  
(Reich)  
NSC (North)  
(Raymond)WH/OPL (Reilly)  
NSC (North)WH/LA  
NSC (North)  
(Lehman)Justice  
(Mullen)NSC (North)  
(Lehman)

VP (Hughes)

WH (Elliott)

State/LPD  
(Reich)CONFIDENTIAL~~CONFIDENTIAL~~~~UNCLASSIFIED~~

N40307

CONFIDENTIALMarch 23-31, 1985Event

Rev. Vallardo Antonio Santeliz. (Pentecostal Minister atrocity victim)--Congressional/ media meetings (March 22-23).

McFarlane, Friedersdorf meeting with key Congressional leadership (RM 208 or WHSR) to brief situation and proposed course of action (March 23-25).

Presidential breakfasts, lunches, and WHSR meetings with key Congressional leaders (March 24 through vote).

Pedro Juaquin Chamorro (Editor La Prensa) U.S. media/speaking tour (March 25-April 3)

President to meet in Room 450 w/"Spirit of Freedom," concerned citizens for Democracy. Representatives from 8 countries (180) (March 25).

Release of DOD/State paper on Soviet/Cuban/ Nicaraguan intentions in the Caribbean; possible WH backgrounder.

Distribute Bernard Nietschmann paper on suppression of Indians by FSLN.

Antonio Farach (Former FSLN Intelligence Officer)--media and Congressional meetings regarding Sandinista espionage, intelligence activities.

Invite President's Duarte, Monge, Suazo, and Barletta to a very private meeting in Texas with key Congressional leaders so that CODEL can hear unvarnished concerns re Sandinistas and Democratic leaders' support for the FDW.

Release paper on Nicaraguan media manipulation.

Publish and distribute as State Department document Nicaragua's Development as Marxist-Leninist State by Linn Poulsen.

Declassify Nicaragua's Development as a Marxist-Leninist State by Linn Jacobowitz Poulsen for publication as State Department document (clearance request w/Casey).

CONFIDENTIALResponsibilityState/LPD  
(Kuykendall)  
(Gomez)WH/LA  
NSC (Lehman)  
(North)State/LPD  
(Miller/Gomez)State/LPD (Reich) ✓  
WH/PA (Sins)

State/LPD

Republican  
Study  
Committee(Kuykendall)  
NSC (North)

State/LPD

State/LPD  
(Reich)State/LPD  
(Blacken)~~UNCLASSIFIED~~

~~CONFIDENTIAL~~~~CONFIDENTIAL~~April 1-7, 1985Event

Request Bernard Nietschmann to update prior paper on suppression of Indians by FSLN (to be published and distributed by April 1).

AEI: Sponsor media events w/print and television media for Central America resistance leaders (April 1-7).

European Parliamentary delegation to meet with President Reagan (April 2).

Visit by Colombian President Betancur (April 3-4); possible Joint Session speech by Betancur.

Proposed Presidential television address on Nicaragua (April 4).

Second round of SFRC hearings on Soviet build-up in region (Helms) (prior to recess).

CODEL visits during recess (April 4-14). Nicaraguan refugee camps in Honduras and Costa Rica (include visit to freedom fighter base camp and hospital [REDACTED]).

CODEL visit during recess (April 4-14) with regional leaders of Central America. Regional leaders convey importance of resistance fighters in NU.

Administration and prominent non-USG spokesman on network shows regarding Soviet, Cuban, East German, and Libyan, Iranian connection with Sandinistas.

Publish updated "Green Book;" distribute personally to Congressmen, media outlets, private organizations, and individuals interested in Nicaragua. Pass to Lew Lehrman and other interested groups.

Distribute paper on geopolitical consequences of Communist domination of Nicaragua.

Release paper on Nicaraguan drug involvement.

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N 40308

Responsibility

State/LPD  
(Blacken)

State/LPD  
(Reich)  
WH/OPL (Reilly)

National Forum  
Foundation  
WH/OPL (Reilly)

WHSpeechwriters  
(Elliott)  
NSC (North)

State/H

NSC (North)  
(Lehman)

NSC (North)  
(Lehman)

WH/PA (Sims)  
WH (Buchanan)  
State/LPD

State/LPD (Reich)  
WH/LA  
State/H (Fox)

State/LPD

State/LPD  
(Blacken)  
NSC (North)

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7

N 40309

April 8-14, 1985 (During recess)Event

25 Central American spokesmen arrive in Miami for briefing before departing to visit Congressional districts. Along with national television commercial campaign in 45 media markets.

Targeted telephone campaign begins in 120 Congressional districts. CITIZENS FOR AMERICA district activists organize phone-tree to targeted Congressional offices encouraging them to vote for aid to the freedom fighters in Nicaragua.

Lew Lehrman speaking tour of major U.S. cities.

Telephone campaign.

Central American spokesmen conduct rallies throughout the country in conjunction with CITIZENS FOR AMERICA activists (starting April 12).

Nationally coordinated sermons about aid to the freedom fighters are conducted (April 14).

Naval Institute Seminar in Newport, RI (Lugar, McFarlane [April 12]).

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N 40310

~~CONFIDENTIAL~~April 15-21, 1985Event

Nicaraguan Refugee Fund (NRF) dinner, Washington, DC; President as Guest of Honor (April 15).

Presidential report to Congress on reasons for releasing funds to freedom fighters (April 15).

AAA available to Washington press.

Central American spokesmen visit Congressional offices on Capitol Hill (April 16).

SFRC Nicaraguan issues, open hearing (April 16-17).

Washington conference "Central America: Resistance or Surrender" (Presidential drop-by?) (April 17).

Barnes' subcommittee hearing on Nicaragua; Motley, public witnesses (April 18) (2170 Rayburn, 2:00 p.m.).

Presidential Radio Address (April 20).

Responsibility

State/LPD  
(Miller)  
NSC (Raymond)

NSC  
State

State/LPD  
(Gomez)

Abramoff

NSC  
Abramoff

WH (Elliott)

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N 40311

~~CONFIDENTIAL~~April 22-29, 1985Event

House Appropriations (Obey subcommittee) intelligence brief on Central America/Latin America (April 23).

Obey subcommittee (panel on Central America), public witnesses (a.m.)/Administration witnesses (p.m.) (April 24).

Major rally in the Orange Bowl in Miami, Florida, attended by President Reagan and important Administration figures (April 28).

Presidential calls to key members.

Responsibility

Cuban American  
National  
Foundation  
State/LPD  
(Reich)

WH (Friedersdorf)  
NSC (Lehman)

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N 40312

~~CONFIDENTIAL~~

10

April 30, 1985Event

Vote in the U.S. Congress on aid to the Nicaraguan freedom fighters (April 30).

President leaves for Europe.

ResponsibilityWH (Friedersdorf)  
NSC (Lehman)~~CONFIDENTIAL~~~~CONFIDENTIAL~~  
**UNCLASSIFIED**~~CONFIDENTIAL~~~~CONFIDENTIAL~~March 30, 1985  
N 40313PUBLIC DIPLOMACY PRESIDENTIAL EVENTS  
REGARDING NICARAGUAN RESISTANCEEventResponsibilityMarch 16-22, 1985

Argentine state visit; President emphasize need for OAS case (March 19).

WH (Elliott)

March 23-31, 1985

Presidential breakfasts, lunches, and WHSR meetings with key Congressional leaders (March 24 through vote).

President to meet in Room 450 w/"Spirit of Freedom," concerned citizens for Democracy. Representatives from 8 countries (180) (March 25).

April 1-7, 1985

Visit by various members of European parliaments who support the President's policies in Central America (April 2).

NSC (Raymond)  
WH/OPL (Reilly)

Visit by Colombian President Betancur (April 3-4); possible Joint Session speech.

Presidential television address on budget (April 4).

WHSpeechwriters  
(Elliott)

Presidential meeting with AAA.

NSC (North)

April 15-21, 1985

Conference on religious freedom; Presidential drop-by in Rm 450, OEGB.

NSC (Raymond)

Nicaraguan Refugee Fund (NRF) dinner, Washington, DC; President as Guest of Honor (April 15).

State/LPD  
(Miller)  
NSC (Raymond)

Presidential report to Congress on reasons for releasing funds to freedom fighters (April 15).

NSC  
State

Possible Presidential meeting with AAA.

NSC (North)

Possible Presidential visit with former Central American Presidents, Foreign Ministers, and Presidential candidates.

NSC (North)  
S/LPD (Reich)

Presidential Radio Address (April 20).

WH (Elliott)

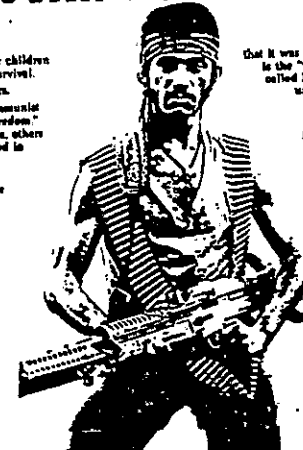
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EventApril 22-29, 1985Proposed visit to Washington by  
Presidents Monge, Duarte, and Suazo.

Presidential calls to key members.

Major rally in the Orange Bowl in Miami,  
Florida, attended by President Reagan and  
important Administration figures  
(April 28).April 30, 1985Proposed Congressional vote; President  
leaves for Europe.ResponsibilityNSC (North)  
S/ARA (Michel)WH (Friedersdorf)  
NSC (Lehman)Cuban American  
National  
FoundationCONFIDENTIAL**CONFIDENTIAL****ONLY 53¢ A DAY WILL SUPPORT A  
NICARAGUAN FREEDOM FIGHTER**  
N 40315In many areas of the world there are children  
who spend their days fighting for survival.  
They cry at night but no one answers.Their parents were abducted by Communist  
forces because they spoke about "freedom."  
Some were executed by firing squads, others  
were shot in the back, still more died in  
political prisons.To you this may sound like a  
nightmare, something you would see  
on the Late Show. Here in  
Nicaragua, it is a way of life.  
I know. My name is Charley and I  
am a Nicaraguan counter-  
communist. A Contra. A Freedom  
Fighter.I have taken up arms against the  
Soviet Empire and its satellite  
government in Nicaragua and I  
need your help.Last year, your Congress cut  
off our funding. People like  
Michael Barnes, Steven Salzer,  
and Ted Kennedy, who claim  
to be "friends of the people," saidthat it was unethical to fund what here in Nicaragua  
is the "will of the people." There is no "reviary"  
called Nicaragua. Only a nation of people living  
under a totalitarian regime funded by Cuba  
and the Soviet Union.Aren't you as Americans, committed to  
government of the people, by the people,  
and for the people? Isn't that what you  
fought for just over 200 years ago? If so,  
please help.For \$18 a month you can help bring  
democracy to Central America.Regular meals, medical attention,  
and the chance to vote in a free  
and open election. THAT'S  
all we want.In America you have so much.  
We have nothing. Our very  
future and the future of the  
democratic world is at stake.Please help me and my  
fellow patriots.  
We haven't got love.*¡Vaya con Dios,  
Charley***SEND DEMOCRACY AROUND THE WORLD**

SAVE THE CONTRAS, P.O. Box 7828, Washington, DC 20013-6828

Yes, I want to help Charley and his fellow Freedom Fighters in Nicaragua.

- Enclosed is my first month's payment of \$18.  
 Enclosed is \$182 for one year's supply of food, medicine, and clothing.  
 I can't send money now, but I will write my Congressman and tell him to support U.S. aid to the Contras.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

Zip \_\_\_\_\_

"Save the Contras" is a project of the College Republican National Fund. Statement of income and expenses available  
on request.**SAVE THE CONTRAS**

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