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By JAMES RISEN

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By JAMES RISEN

WASHINGTON, July 16 — The Central Intelligence Agency continued to work with about two dozen Nicaraguan rebels and their supporters during the 1980's despite allegations that they were trafficking in drugs, according to a classified study by the C.I.A.

The new study has found that the agency's decision to keep those paid agents, or to continue dealing with them in some less formal relationship, was made by top officials at headquarters in Langley, Va., in the midst of the war waged by the C.I.A.-backed contras against Nicaragua's leftist Sandinista Government.

The new report by the C.I.A.'s inspector general criticizes agency officials' actions at the time for the inconsistent and sometimes sloppy manner in which they investigated — or chose not to investigate — the allegations, which were never substantiated by the agency.

The inspector general's report, which has not yet been publicly released, also concludes that there is no evidence that any C.I.A. officials were involved in drug trafficking with contra figures.

"The fundamental finding of the report is that there is no information that the C.I.A. or C.I.A. employees ever conspired with any contra organizations or individuals involved with the contras for purposes of drug trafficking," a United States intelligence official said.

The new report is the long-delayed second volume of the C.I.A.'s internal investigation into possible connections between the contras and Central American drug traffickers. The

investigation was originally prompted by a 1996 series in The San Jose Mercury-News, which asserted that a "dark alliance" between the C.I.A., the contras and drug traffickers had helped finance the contra war with profits from drug smuggling.

The second volume dismisses those specific charges, as did the first volume, released in January.

The series charged that the alliance created a drug trafficking network that introduced crack cocaine into South Central Los Angeles. It prompted an enormous outcry, espe-

Criticism of sloppy agency investigation, or noninvestigation, of the contras.

cially among blacks, many of whom said they saw it as confirmation of a Government-backed conspiracy to keep blacks dependent and impoverished.

The Mercury-News subsequently admitted that the series was flawed and reassigned the reporter.

In the declassified version of the C.I.A.'s first volume, the agency said the Mercury-News charges were baseless and mentioned drug dealers who had nothing to do with the C.I.A.

But John M. Deutch, the Director of Central Intelligence at the time, had also asked the inspector general to conduct a broader inquiry to answer unresolved questions about the

contra program and drug trafficking that had not been raised by The Mercury-News. Frederick Hitz, then the C.I.A.'s inspector general, decided to issue a second, larger report to deal with those broader issues.

Many allegations in the second volume track closely with charges that first surfaced in a 1987 Senate investigation. The C.I.A. is reluctant to release the complete 500-page second volume because it deals directly with contras the agency did work with.

According to the report, C.I.A. officials involved in the contra program were so focused on the fight against the Sandinistas that they gave relatively low priority to collecting information about the possible drug involvement of contra rebels. The report concluded that C.I.A. officers did report on drug trafficking by the contras, but that there were no clear guidelines given to field officers about how intensively they should investigate or act upon the allegations.

In all, the C.I.A. received allegations of drug involvement against about 50 contras or supporters during the war against the Sandinistas, the report said. Some of the allegations may have been specious, the result of Sandinista propaganda, American intelligence officials said.

It could not be determined from the C.I.A.'s records how many of the 50 cases were fully investigated. But the agency continued to work with about two dozen of the 50 contras, according to American intelligence officials familiar with the report. They said the report had found that the agency was unable to either prove or disprove the charges, or did

not investigate them adequately.

American intelligence officials, who provided information about the report, declined to identify the individual contras who were the subjects of the drug allegations. But they did say that in addition to individual cases, the report found that drug allegations had been made against one contra organization, a group known as 15th of September. That group was formed in 1980 and was disbanded in January 1982.

The C.I.A.'s decision to classify this second volume has already been met with criticism in Congress. Senator John Kerry, Democrat of Massachusetts, who led a 1987 Congressional inquiry into allegations of contra drug connections, wrote a letter Thursday to the Director of Central Intelligence, George J. Tenet, asking that the report be immediately declassified.

Mr. Kerry, who has reviewed the second volume of the inspector general's report, said he believed that C.I.A. officials involved in the contra program did not make a serious effort to fully investigate the allegations of drug involvement by the contras.

"Some of us in Congress at the time, in 1985, 1986, were calling for a serious investigation of the charges, and C.I.A. officials did not join in that effort," Mr. Kerry said. "There was a significant amount of stonewalling. I'm afraid that what I read in the report documents the degree to which there was a lack of interest in making sure the laws were being upheld."