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Notes: Iran-contra Affair Investigation, May 20

by Deborah Tyroler

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May 20: Records made available by the joint House-Senate committee investigating the Iran-contra affair indicated that former National Security Council aide Lt. Col. Oliver North received \$90,000 in traveler's checks from contra leader Adolfo Calero, and cashed \$2,440 in checks for personal use. Calero heads the main contra army, the Nicaraguan Democratic Force (FDN). Some of the checks were cashed in food and drug stores, cleaners, gasoline stations, restaurants, hotels, a hosiery establishment, and an automobile tire wholesaler. Most of the establishments where North cashed the checks are located in the Washington area where he lives. [This was not the first time that the select committees heard testimony that indicated North had used funds for other than covert operations. Robert W. Owen, North's self-described "courier" in clandestine meetings with contras, US diplomatic officials and CIA personnel in Central America, testified on May 19 that North gave him \$1,000 in traveler's checks as a wedding present. Questions have been raised about other witnesses personally benefitting, or profiteering, from the Iran-contra deals. But the May 20 revelations were the first hint that North may have used some of the money involved for himself. After North was fired from the NSC staff last November in the wake of disclosures about the diversion of profits from Iranian arms sales to aid the contras, President Reagan expressed his continuing admiration and support for the Marine officer, first in a telephone call to him, and then more publicly. In an interview with TIME magazine at that time, Reagan said, "On Oliver North, "I do not feel betrayed. Lt. Col. North was involved in all our operations: the Achille Lauro, Libya. He has a fine record. He is a national hero. My only criticism is I wasn't told everything."] The subject of the traveler's checks, and the practice of the contras in employing them, came up repeatedly in the May 20 questioning of Calero, a professional accountant who never asked questions about where the money was coming from. Calero told the committee how the contras received \$33.6 million \$32 million in Saudia Arabian contributions apparently solicited by the United States. Of that amount, \$19 million was spent to purchase arms and ammunition, most of it arranged through North's efforts. Calero said he converted \$3 million of the remaining money into traveler's checks. When pressed to explain why, he replied: "Traveler's checks are a very handy way for people who are continually traveling, and we converted that into traveler's checks in order to be used for many expenses that we had, and to give to our for family support..." "Is it fair to say that once you gave (North) these checks," asked deputy chief Senate counsel Paul Barbadoro, "you had no way of accounting for how he spent the money?" "I didn't ask him to sign a receipt for them, and I didn't ask him how they had been used," Calero said. The contra leader testified that he gave North \$90,000 in traveler's checks between March and July 1985 to assist in a scheme to rescue Americans held hostage in Lebanon. The Visa traveler's checks, issued by Barclays Bank in Miami and drawn on a Cayman Islands account that Calero controlled, were traced on the previous weekend committee sources reported. Attempts are being made to identify other recipients of the checks, which North kept in a safe in his office at the Old Executive Office Building adjacent to the White House. As of May 20, investigators had determined that \$25,300 worth of checks were used by Drug Enforcement Administration agents for expenses associated with North's plan to locate and ransom the US hostages, which was approved by the president. But the bulk of the traveler's checks were endorsed by other people, sources said. They said North received a total of \$98,000

worth of blank traveler's checks. Retired Army major general John K. Singlaub, a central figure in private efforts to support the Nicaraguan rebels, testified that Assistant Secretary of State Elliott Abrams played a more active role than Abrams has acknowledged in efforts to raise money for the contras at a time when Congress had banned US military assistance. Singlaub said that North was his chief contact during most of the ban on US aid. But by the spring of 1986, Singlaub said, "the principal contact for activities in Central America, specifically the Nicaraguan democratic resistance was Elliott Abrams." Singlaub testified that he first solicited money for contra military needs from two foreign countries which POST and TIMES sources identified as Taiwan and South Korea in late 1984 and 1985, shortly after Congress cut off contra aid. He said he acted with North's "blessing." In trips to both countries, Singlaub said, he was told they would need assurances that he had the backing of the Reagan administration. Before he revisited the two countries in mid-1986, Singlaub said, he briefed Abrams on his earlier solicitations and told Abrams that this time he wanted to work out in advance how administration support for his request "a signal" could be sent to both countries. "He (Abrams) concurred in the solicitation of both (countries)...and said that he would be the one that would give the signal," the general said. But while Singlaub was in one of the countries, he said, Abrams telephoned and told him not to follow through with the solicitations. Abrams later told him that the solicitation was going to be made by someone at the "highest level" of the US government, Singlaub testified. However, Abrams told the special Tower review panel in February that he told Singlaub in the summer of 1986 he could not help him solicit aid. "I said I can't do that," Abrams told the panel. "It's just not right." [Abrams has consistently denied violating the congressional ban on US aid to the contras and has said he did not play an active role in efforts by North and others to arrange private aid for the rebels. Earlier this year, Abrams told the Tower panel, "We did not engage in, nor did we really know anything about this private network." When a secret contra air resupply operation was exposed last October after a cargo plane was shot down over Nicaragua, Abrams told a congressional oversight panel: "I can tell you there was no government role in this flight." Recent testimony before the joint committee has revealed that North played a key role in supervising the air resupply operation and that several other US officials also provided assistance. Since he became assistant secretary of state in July 1985, Abrams worked closely with North and served on the special government panel, the Restricted Interagency Group (RIG), which supervised the contra program. The RIG's members included North, CIA officials and others from the State Department.] An aide to Abrams said, "Elliott was probably not as straight with Singlaub as he could have been...There was a lot of doubt about whether we (State) could be involved." The department ultimately decided it could not assist Singlaub, and Abrams so advised him, the aide reported. An added source of confusion, the aide said, was Abrams' belief that any signal would come from the department rather than him. (Various sources, including WASHINGTON POST, 05/21/87, NEW YORK TIMES, 05/21/87) Retired major general Richard Secord filed a last-minute appeal with the Swiss Supreme Court to block release of bank records concerned in the Iran-contra scandal to US authorities, a Justice Department spokesman in Bern said. Spokesman Juerg Kistler said Secord filed the appeal "literally minutes" before the deadline for doing so. It was the third such appeal filed, following similar action by Iranian-American businessman Albert Hakim and Iranian arms dealer Manucher Ghorbanifar. These three, together with a wider group of companies and individuals, including North, had been named by the US Justice Department as being involved in the laundering of money through Switzerland from the sale of arms to Iran for use by the Nicaraguan contras. The Swiss authorities ruled last month that accounts used for this purpose could be opened for inspection by prosecutor Lawrence E. Walsh. The appeals have blocked opening of some, although not all, of the accounts, Kistler said. The appeals to the Swiss

Supreme Court in Lausanne are unlikely to be heard before the fall, since the court has a full docket to the summer recess, which begins in July. Kistler said information on accounts held by others involved in the affair could still be handed over before then. (NEW YORK TIMES, 05/21/87)

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