

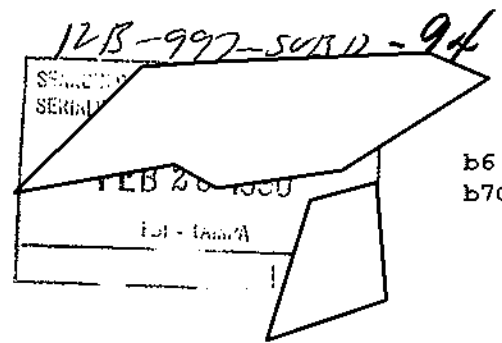
FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1384103-000

Total Deleted Page(s) = 74

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Page 6 ~ OTHER - Sealed Pursuant to Court Order;
Page 7 ~ OTHER - Sealed Pursuant to Court Order;
Page 9 ~ OTHER - Sealed Pursuant to Court Order;
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Page 130 ~ b6; b7C;
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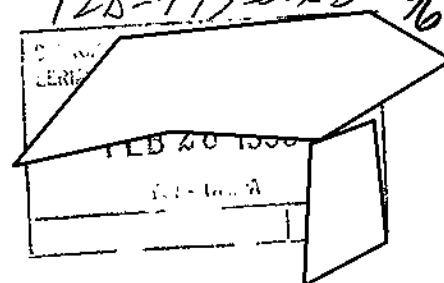
b6
b7c

12B-997-SUB D-95

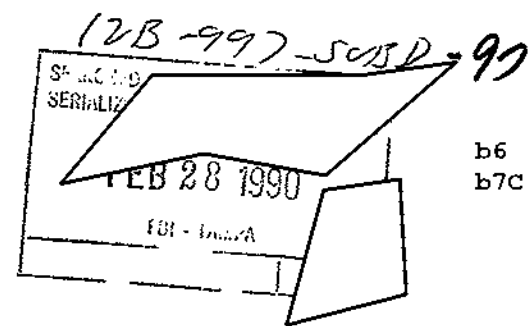
SEARCHED
SERIALIZED
INDEXED
FILED
FEB 10 1990
FBI - TAMPA

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b7C

128-997-SUBD-96



b6
b7C



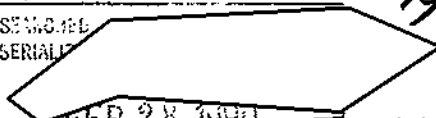
b6
b7c

12B-997-505D 48

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FBI - [Redacted]	

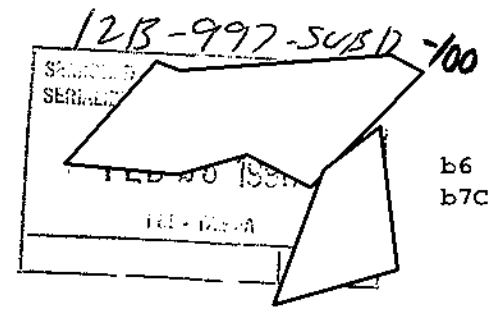
b6
b7C

1215-997-SUBD-99

SEARCHED	
SERIALIZED	
FEB 28 1990	
FBI - LOS ANGELES	



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b7C



b6
b7C

125-997-SUBD-

SEARCHED	121
SERIALIZED	
FEB 28 1990	
FBI - TAMPA	

b6
b7c

12B-997-SUBD-

SEARCHED	INDEXED
SERIALIZED	FILED
FEB 28 1990	
FBI - BOSTON	

102

b6
b7C

12B-997-508D-

SEARCHED	INDEXED
SERIALIZED	FILED
FEB 28 1964	
FBI - TAMPA	

103

b6
b7C

FBI

TRANSMIT VIA:

☒ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☒ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☒ UNCLAS E F T O
☐ UNCLAS

Date 2-28-90b6
b7C1
2 FM FBI TAMPA (12B-997, SUB D) (SQ. 5) (P)

3 TO DIRECTOR FBI/IMMEDIATE/

4 BT

5 UNCLAS E F T O

6 CITE: //3880//

7 PASS: UNIT CHIEF [REDACTED] AND SSA [REDACTED]

8 COLOMBIAN/ SOUTH AMERICAN TRAFFICKING UNIT; AND [REDACTED]

9 [REDACTED] LANGUAGE SERVICES UNIT, ROOM 3505.

10
11 SUBJECT: STARBANK; GENERAL MANUEL ANTONIO NORIEGA, AKA;

12 [REDACTED] AKA; DRUGS - C/SATO - MARIJUANA; OO:TP.

13 RE TAMPA (SSA [REDACTED]) TELCALL TO FBIHQ [REDACTED]

14 [REDACTED], ON 2/27/90.

15 FBIHQ IS REQUESTED TO AUTHORIZE THE TEMPORARY ^{ASSIGNMENT} TRANSFER

16 TO TAMPA OF THREE SPANISH LANGUAGE SPECIALISTS FOR A PERIOD

17 OF [REDACTED] COMMENCING ON [REDACTED]

18 1-Tampa

19 [REDACTED]

20 (11)

21

Approved: [REDACTED]

Transmitted

208/073
(Number)

(Time)

Per [REDACTED]

12B-997 Sub D - 104
 SEARCHED
 INDEXED
 SERIALIZED
 FILED

b6
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b7Cb3
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b7Cb6
b7C

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date _____

1
2 ^PAGE TWO DE TP (12B-997, SUB D) UNCLAS E F T O

3 IN CONNECTION WITH CAPTIONED CASE, INFORMATION HAS BEEN
4 DEVELOPED THAT [REDACTED]

5 [REDACTED]
6 [REDACTED]
7 [REDACTED] WHICH IS OPERATED OUT OF [REDACTED]

8 IS INVOLVED IN AN EFFORT TO TRANSFER \$26 MILLION IN CASH
9 BELONGING TO MANUEL ANTONIO NORIEGA, FROM THE UNITED STATES
10 TO THE DOMINICAN REPUBLIC. WORKING WITH [REDACTED] IN THIS
11 EFFORT IS [REDACTED]

12 [REDACTED] LOCATED
13 AT [REDACTED]

14 [REDACTED] ALSO ALLEGEDLY INVOLVED IN THIS SCHEME
15 *AM*
~~AREA~~ [REDACTED] AND SANTO DOMINGAN

16 RESIDENT [REDACTED] AT THE PRESENT TIME, IN COORDINATION
17 WITH THE OFFICE OF THE UNITED STATES ATTORNEY FOR THE MIDDLE
18 DISTRICT OF FLORIDA, U.S. CUSTOMS SERVICE, AND DEA, THE
19 TAMPA DIVISION IS ATTEMPTING TO EFFECT TITLE III COVERAGE ON

20 [REDACTED]
21 [REDACTED]

Approved: _____ Transmitted _____ Per _____
(Number) (Time)

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date _____

1
2 ^PAGE THREE DE TP (12B-997, SUB D) UNCLAS E F T O
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5

6 THEREFORE, FBIHQ IS REQUESTED TO AUTHORIZE THE TEMPORARY
7 ASSIGNMENT TO THE TAMPA DIVISION OF THREE SPANISH LANGUAGE
8 SPECIALISTS TO MONITOR THE TITLE III INSTALLATION FOR A
9 PERIOD OF [REDACTED] IN IS ANTICIPATED
10 THAT TITLE III COVERAGE WILL COMMENCE ON [REDACTED]
11 AND THEREFORE, IT IS REQUESTED THE TEMPORARY ASSIGNMENTS OF
12 THE LANGUAGE SPECIALISTS TO THE TAMPA DIVISION BE EFFECTED
13 AS SOON AS POSSIBLE.

14 BT
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Approved: _____ Transmitted _____ Per _____
(Number) (Time)

0032 MRI 00428

OO FBITP

DE FBITP #0003 0600609

ZNY EEEEE

O 010411Z MAR 90

FM FBI TAMPA (12B-997 SUB D) (SQ. 5) (P)

TO DIRECTOR FBI/IMMEDIATE/

BT

UNCLAS E F T O

CITE: //3880//

PASS: UNIT CHIEF [REDACTED] AND SSA [REDACTED]

COLOMBIAN/ SOUTH AMERICAN TRAFFICKING UNIT; AND [REDACTED]

[REDACTED] LANGUAGE SERVICES UNIT, ROOM 3505.

SUBJECT: STARBANK; GENERAL MANUEL ANTONIO NORIEGA, AKA;

[REDACTED] AKA; DRUGS - C/SATO - MARIJUANA; OO:TP.

RE TAMPA (SSA [REDACTED]) TELCALL TO FBIHQ ([REDACTED])

[REDACTED], ON 2/27/90.

FBIHQ IS REQUESTED TO AUTHORIZE THE TEMPORARY
ASSIGNMENT TO TAMPA OF THREE SPANISH LANGUAGE SPECIALISTS
FOR A PERIOD OF [REDACTED] COMMENCING ON [REDACTED]

12B-997 Sub D - 104

SEARCHED
INDEXED
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PAGE TWO DE FBITP 0003 UNCLAS E F T O

IN CONNECTION WITH CAPTIONED CASE, INFORMATION HAS BEEN
DEVELOPED THAT [REDACTED]

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[REDACTED]
[REDACTED]
[REDACTED] WHICH IS OPERATED OUT OF [REDACTED]

IS INVOLVED IN AN EFFORT TO TRANSFER \$26 MILLION IN CASH
BELONGING TO MANUEL ANTONIO NORIEGA, FROM THE UNITED STATES
TO THE DOMINICAN REPUBLIC. WORKING WITH [REDACTED] IN THIS
EFFORT IS [REDACTED]

[REDACTED] LOCATED
AT [REDACTED]

b6
b7C

[REDACTED] ALSO ALLEGEDLY INVOLVED IN THIS SCHEME
ARE [REDACTED] AND [REDACTED]

RESIDENT [REDACTED] AT THE PRESENT TIME, IN COORDINATION
WITH THE OFFICE OF THE UNITED STATES ATTORNEY FOR THE MIDDLE
DISTRICT OF FLORIDA, U.S. CUSTOMS SERVICE, AND DEA, THE
TAMPA DIVISION IS ATTEMPTING TO EFFECT TITLE III COVERAGE ON

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PAGE THREE DE FBITP 0003 UNCLAS E F T O

[REDACTED]

THEREFORE, FBIHQ IS REQUESTED TO AUTHORIZE THE TEMPORARY
ASSIGNMENT TO THE TAMPA DIVISION OF THREE SPANISH LANGUAGE
SPECIALISTS TO MONITOR THE TITLE III INSTALLATION FOR A
PERIOD OF [REDACTED] IN IS ANTICIPATED
THAT TITLE III COVERAGE WILL COMMENCE ON [REDACTED]
AND THEREFORE, IT IS REQUESTED THE TEMPORARY ASSIGNMENTS OF
THE LANGUAGE SPECIALISTS TO THE TAMPA DIVISION BE EFFECTED
AS SOON AS POSSIBLE.

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BT

#0003

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FBI

TRANSMIT VIA:

☒ Teletype
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☐ _____

PRECEDENCE:

☒ Immediate
☐ Priority
☐ Routine

CLASSIFICATION: *SP*

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☒ UNCLAS E F T O
☐ UNCLAS

Date *2-28-90*b6
b7c1
2 FM FBI TAMPA (12B-997, SUB D) (SQ. 5) (P)

3 TO DIRECTOR FBI (12-19286) (12-19707)/IMMEDIATE/

4 BT

5 UNCLAS E F T O

6 CITE: //3880//

7 PASS: UNIT CHIEF [REDACTED] AND SSA [REDACTED]

8 COLOMBIAN/SOUTH AMERICAN TRAFFICKING UNIT; AND INTELLIGENCE

9 ASSISTANT [REDACTED] ELSUR UNIT, ROOM 4997.

10
11 SUBJECT: STARBANK; MANUEL ANTONIO NORIEGA, AKA; [REDACTED]

12 [REDACTED] AKA; DRUGS - C/SATO - MARIJUANA; OO:TP.

13 RE TAMPA (SA [REDACTED]) TELCALL TO ELSUR
14 UNIT, FBIHQ (IA [REDACTED]), ON 2/28/90.15 FOR THE INFORMATION OF FBIHQ, THE TAMPA DIVISION IS
16 PRESENTLY PREPARING AN AFFIDAVIT FOR A TITLE III [REDACTED]

17 [REDACTED]

18 *1 - Tampa*
19 [REDACTED]20 (1)
21

12B-997 Sub D-105
 SEARCHED _____
 INDEXED _____
 SERIALIZED _____
 FILED _____

Approved: [REDACTED]

Transmitted *402/0410*

(Number)

(Time)

Per [REDACTED]

b6
b7cb6
b7cb3
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b7cb6
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FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date _____

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THE BUREAU IS REQUESTED TO SEARCH THE ELSUR INDICES TO
DETERMINE IF THE FOLLOWING

BEE
HAVE ¹ SUBJECT OF A PREVIOUS ELECTRONIC

SURVEILLANCE:

b3
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Approved: _____ Transmitted _____ Per _____
(Number) (Time)

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date _____

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2 ^PAGE THREE DE TP (12B-997, SUB D) UNCLAS E F T O
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b3
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b7C

FBIHQ ELSUR INDICES WERE SEARCHED 2/28/90, RE ABOVE
NAMES AND RESULTS WERE TELEPHONICALLY FURNISHED TO TAMPA
DIVISION.

BT

Approved: _____ Transmitted _____ Per _____
(Number) (Time)

0031 MRI 00402

OO FBITP

DE FBITP #0001 0600607

ZNY EEEEE

O 010339Z MAR 90

FM FBI TAMPA (12B-997 SUB D) (SQ. 5) (P)

TO DIRECTOR FBI (12-19286) (12-19707)/IMMEDIATE/

BT

UNCLAS E F T O

CITE: //3880//

PASS: UNIT CHIEF [REDACTED] AND SSA [REDACTED]
COLOMBIAN/SOUTH AMERICAN TRAFFICKING UNIT; AND INTELLIGENCE
ASSISTANT [REDACTED] ELSUR UNIT, ROOM 4997.

b6
b7C

SUBJECT: STARBANK; MANUEL ANTONIO NORIEGA, AKA; [REDACTED]

[REDACTED] AKA; DRUGS - C/SATO - MARIJUANA; OO:TP.

b6
b7C

RE TAMPA (SA [REDACTED]) TELCALL TO ELSUR
UNIT, FBIHQ (IA [REDACTED]), ON 2/28/90.

FOR THE INFORMATION OF FBIHQ, THE TAMPA DIVISION IS
PRESENTLY PREPARING AN AFFIDAVIT FOR A TITLE III [REDACTED]

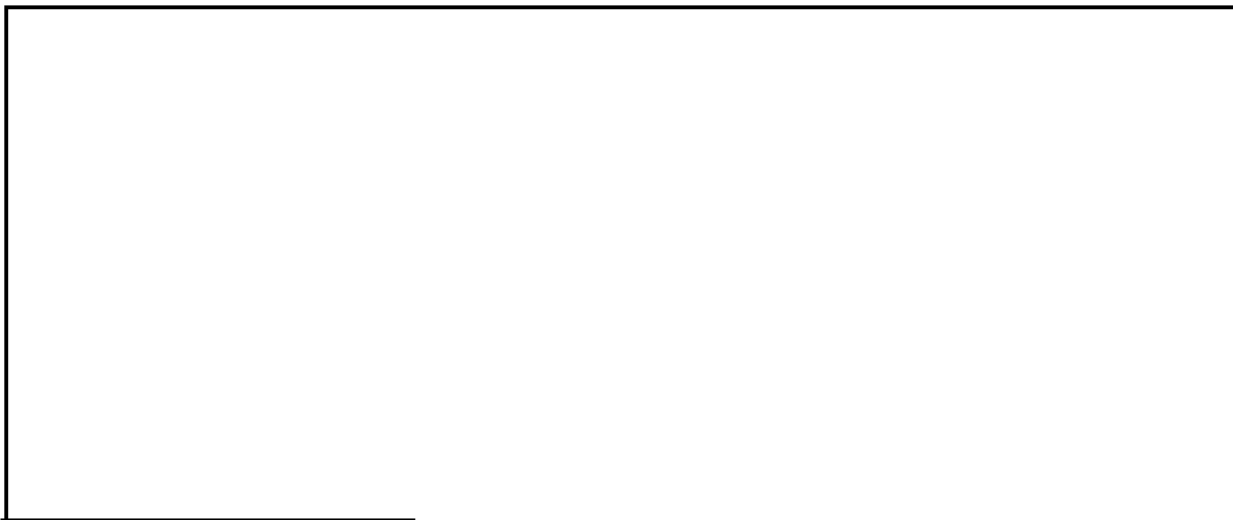
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b6
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12B 997 Sub D-105

SEARCHED
INDEXED
SERIALIZED
FILED

b6
b7C

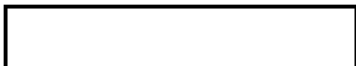
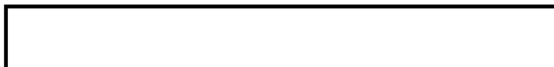
PAGE TWO DE FBITP 0001 UNCLAS E F T O



b3
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b7C



THE BUREAU IS REQUESTED TO SEARCH THE ELSUR INDICES TO
DETERMINE IF THE FOLLOWING



HAVE BEEN SUBJECT OF A PREVIOUS ELECTRONIC

SURVEILLANCE:



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b7C

PAGE THREE DE FBITP 0001 UNCLAS E F T O



b3
b6
b7C



FBIHQ ELSUR INDICES WERE SEARCHED 2/28/90, RE ABOVE
NAMES AND RESULTS WERE TELEPHONICALLY FURNISHED TO TAMPA
DIVISION.

BT

#0001

NNNN

1990 MAR -5 AM 11:19

0002 WHT 00740

FM FTTH

TO FTTH 00011 0641011

ZNY UUUUU

P 051541Z MAR 90

FM FBI NEW YORK (12B-TP-997) (P)

TO FBI TAMPA (12B-TP-997)/PRIORITY/

BT

UNCLAS

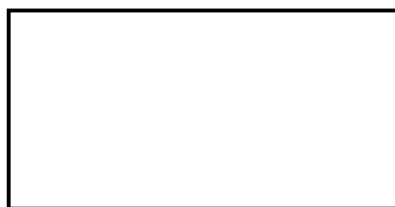
CITE: //3840:3613//

SUBJECT: STARRAM; GENERAL MANUEL NORIEGA; DRUG MATTER; OO:TAMPA;
(C-13).

THIS COMMUNICATION IS CLASSIFIED ~~"SECRET"~~ IN ITS ENTIRETY.

REFERENCE TAMPA TELETYPE TO NEW YORK, DATED JANUARY 31, 1990.

THE RECORDS OF THE NEW YORK TELEPHONE COMPANY AS OBTAINED
THROUGH THE ISSUANCE OF AN ADMINISTRATIVE SUBPOENA REFLECT THE
FOLLOWING SUBSCRIBER INFORMATION:



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b7C

12-997 Sub-D-106

SEARCHED	SERIALIZED
MAR 05 1990	
FBI - TAMPA	

b6
b7C

PAGE TWO OF FOLIO 0011 UNCLAS

[REDACTED]

CHANGED TO

[REDACTED]

[REDACTED]

b6
b7C

LEAD

NEW YORK

AT BROOKLYN-QUEENS - WILL REVIEW INDICES CONCERNING ABOVE
SUBSCRIBERS AND REPORT ANY PERTINENT INFORMATION.

~~C BY C-3; D ON QADR.~~

BT

00011

NNNN

12D-997 SubD

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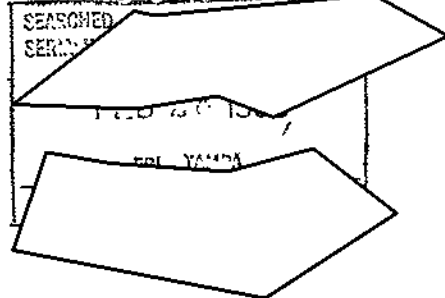
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[redacted] on 2/27/90:

OTHER Sealed

b6
b7C

12-997 Sub D-108

DIS



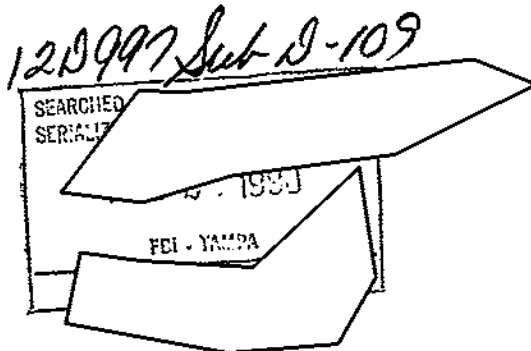
b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/28/90

Pursuant to a Subpoena served to [REDACTED]
[REDACTED] UNITED TELEPHONE COMPANY P.O. Box 500 Ft. Myers, Florida
dated February 15, 1990 the following information was obtained:

Telephone number [REDACTED] is a vacant number and
has never been assigned.

b6
b7Cb6
b7Cb6
b7C

DIS noted

Investigation on 2/28/90 at Ft. Myers, Florida File # 12D-997 SubD

by I.A. [REDACTED] Date dictated 2/28/90

b6
b7C

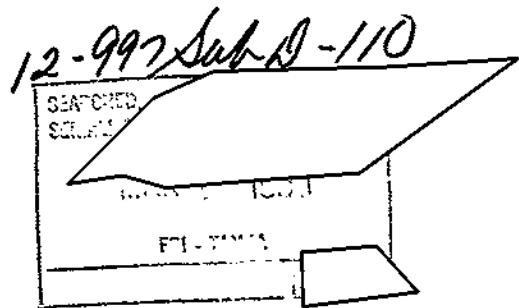
12B-997 Sub D



b6
b7C

The following investigation was conducted by I.A.
[redacted] on 3/1/90:

OTHER Sealed



b6
b7C

12B-997 Sub D

b6
b7C

The following investigation was conducted by I.A.
[redacted] on 3/1/90:

OTHER Sealed

DIS [redacted]

12-997 Sub D-111

SEARCHED	INDEXED
SERIALIZED	FILED
MAR 1 1990	
FBI - TAMPA	

[redacted]

b6
b7C

File - Serial Charge Out
FD-5 (Rev. 6-17-70)

File _____ Class. _____ Case No. _____ Last Serial _____ Date _____

☐ Pending

☐ Closed

Serial No. _____ Description of Serial _____ Date Charged _____

12B-997 Sub A - 112

Transferred to

12B-997 Sub B

Employee _____

RECHARGE

Date _____

To _____ From _____

als of
rk

Date

0012 PRI 01707

1990 MAR -5 PM 6:12

PP FBTP

DE PRIME #0029 0642246

ZNR UUUUU

P 052210Z MAR 90

FM FBI MIAMI (12R-TF-997) (K-5) (P)

TO FBI TAMPA (12R-TF-997)/PRIORITY/

BT

UNCLAS

CITE: //3460//

SUBJECT: STARBANK; DRUG MATTER; OO: TAMPA.

RE TAMPA TELETYPE TO MIAMI DATED 1/25/90.

THROUGH THE ISSUANCE OF AN ADMINISTRATIVE SUBPOENA THE
FOLLOWING SUBSCRIBER INFORMATION WAS OBTAINED:

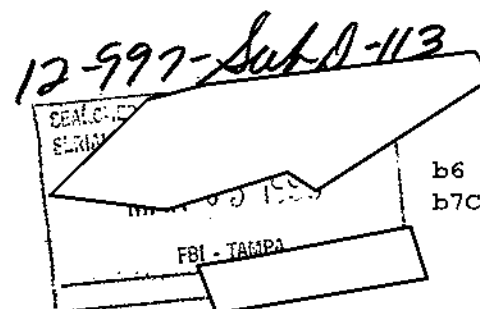
[REDACTED] SSAN [REDACTED]
[REDACTED]
[REDACTED]

b6
b7C

MIAMI WILL FORWARD ORIGINAL EXECUTED SUBPOENA AND ORIGINAL
FD 302 UNDER SEPARATE AIRTEL.

MIAMI INDICES CHECKS REFLECT AN [REDACTED] IN MIAMI FILE

b6
b7C



b6
b7C

PAGE TWO DE FBIMM 0029 UNCLAS

[] PURCHASED A GUN FROM []

[] THE NATIONAL GUN TRADES BETWEEN 1/69 THROUGH 5/72. [] IS

DESCRIBED AS A [] DOB [] OCCUPATION []

[] MIAMI CAN NOT DETERMINE IF IDENTICAL TO

SUBSCRIBER WITHOUT FURTHER DESCRIPTION DATA.

MIAMI INVESTIGATION CONTINUING.

BT

#0029

NNNN

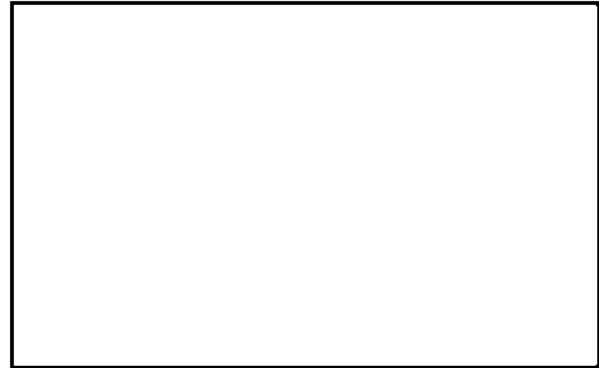
b6
b7c

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/8/90

Pursuant to a subpoena served to General Telephone Company, Tampa, Florida
dated February 15, 1990 the following information was provided:

b6
b7C



b6
b7C

No account found

Investigation on 2/28/90 at Tampa, Florida File # 12B-997 Sub D

by I.A. Date dictated 3/8/90

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/8/90

Pursuant to a subpoena served to [redacted]
[redacted] General Telephone Company, Tampa, Florida
Dated February 12, 1990 the following information was provided:

b6
b7c

1-800-251-6776

MINNESOTA CITY TRANSFER
Route 1 Box 137
Minnesota City, Minn. 55959

1-800-328-0328

ELECTRICAL ADVERTISERS
6500 Brookleyn Boulevard
Minnesota, Minn. 55430

228-4756

cross referenced to main #
1DI-0738 (main Switchboard)
Tampa Electric Company
702 Franklin St. N.
Tampa, Florida

228-4908

cross referenced to main #
1DI-0738 (same as above)

228-4915

cross refernced to main #
1DI-0738 (same as above)

1-615;484-5139

cross referenced to main #
484-5137 to TAB PUBLISHING
410 W. 4th Street
Crossville, Tennessee 38555

Investigation on 2/28/90 at Tampa, Florida File # 12B-997 Sub D
by I.A. [redacted] Date dictated 3/8/90

b6
b7c

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/8/90

Pursuant to a subpoena served to
 General Telephone Company, Tampa, Florida
Dated February 21, 1990 the following information was provided:

b6
b7C

621-0727

PRO-CUT LANDSCAPE
9350 Broadway Avenue E.
Route 3 Box 21
Tampa, Florida 33619
Date of service 7/29/89



b6
b7C

Investigation on 2/28/90 at Tampa, Florida File # 12B-997 Sub D -116
by I.A. Date dictated 3/8/90

b6
b7C

Memorandum



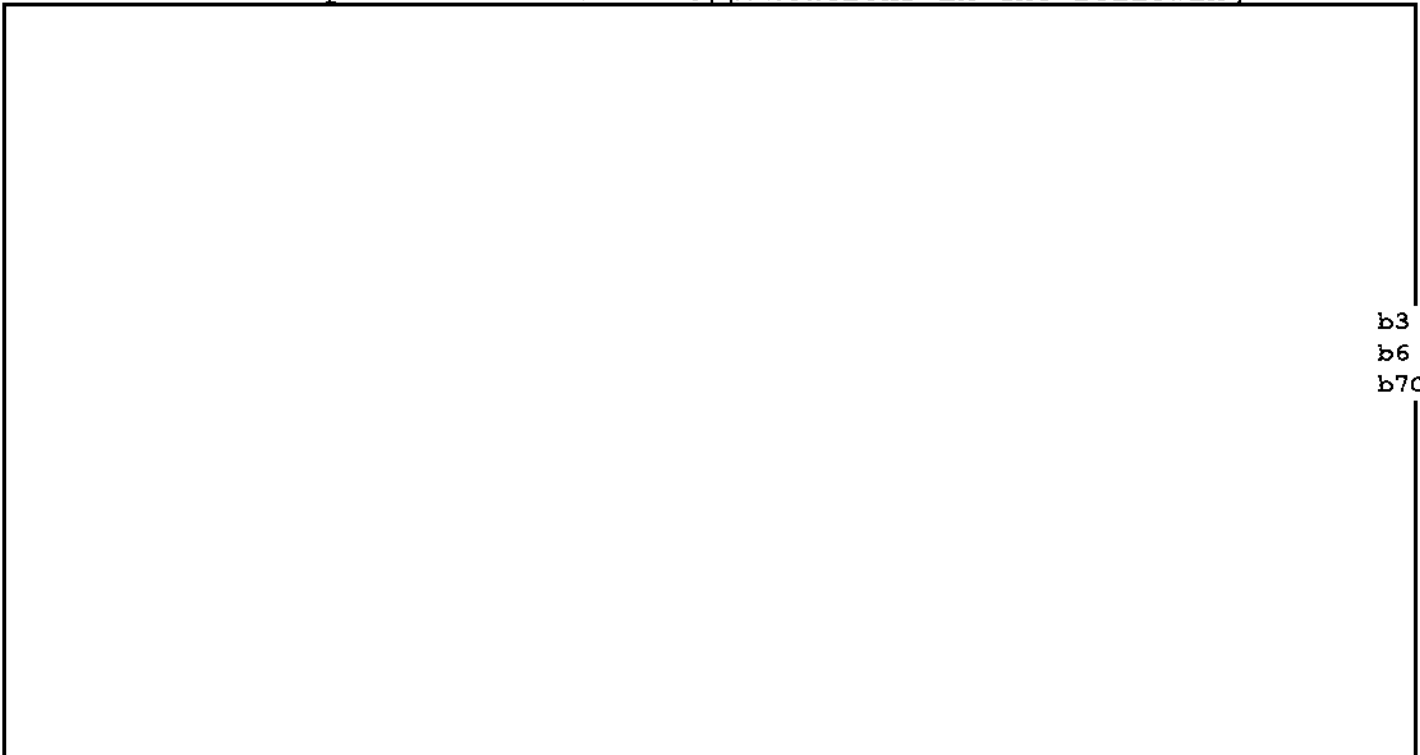
To : SAC, Tampa (12B-997 Sub D) (SO.5)
(Attention: SA [redacted] Date 3/5/90
(Attention: ELSUR Index)

From : *✓* Director, FBI (12-19286)

Subject : STARBANK; MANUEL ANTONIO NORIEGA,
aka; [redacted]
DRUGS-C/SATO-MARIJUANA;
OO: TP

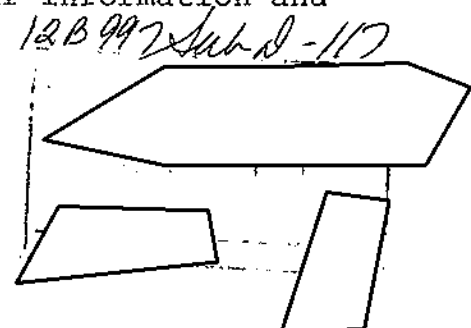
ReTPcal to FBIHQ 2/28/90, reBUcal to TP 2/28/90
and reTPtel to FBIHQ dated 3/1/90.

Referenced communication requested a search of FBIHQ
ELSUR Index for previous Title III applications in the following



No indexed references were located regarding previous
Title III applications filed by the FBI.

The following are set forth for your information and
possible assistance with probable cause:



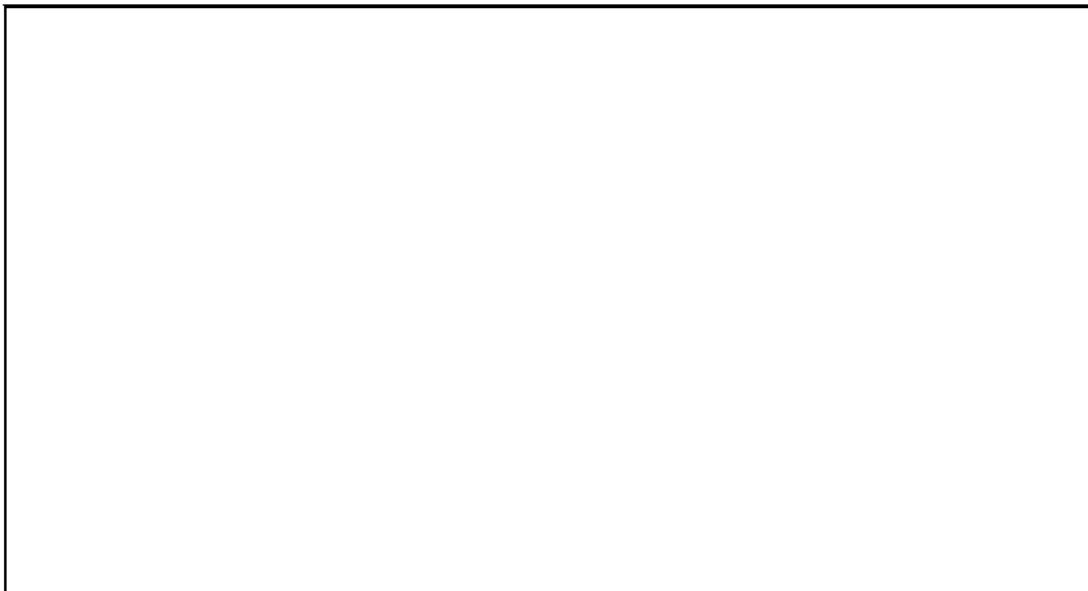
b6
b7C

b3
b6
b7C

b6
b7C

Letter to SAC, Tampa
Re: Starbank; Manuel Antonio Noriega,
aka; [REDACTED]
Drugs-C/SATO-Marijuana;
OO: TP

b6
b7C



b3
b6
b7C

No determination could be made at FBIHQ ELSUR Index Subunit as to whether or not the above are identical with the subjects of the request. That determination and any resultant leads will be the responsibility of TP.

Prior to the dissemination of any of the above material, TP is reminded to coordinate such dissemination with the appropriate section of the Criminal Investigative Division (CID), FBIHQ, as well as any affected Bureau field offices, in order to effectively control the possible disclosure of sensitive information.

ELSUR searches in this matter were conducted 2/28/90,
by [REDACTED] File Clerk, Records Management Division.

b6
b7C

File - Serial Charge Out
FD-5 (Rev. 6-17-70)

File _____ Class. _____ Case No. _____ Last Serial _____ Date _____

☐ Pending

☐ Closed

Serial No.

Description of Serial

Date
Charged

12-997 Sub A - 119

transferred to

12-997 Sub B

Employee _____

RECHARGE

Date _____

To _____ From _____

als of
rk

Date

0037 MVI 01920

PP FRTP

DE FROM 00014 0662117

ZNR UUUUU

P 072023Z MAR 90

FM FBI MIAMI (12-TP-997) (N-5) (P)

TO FBI TAMPA (12B-997-SUP-D)/PRIORITY/

BT

UNCLAS

CITE: //3460//

SUBJECT: STARBANK; GENERAL MANUEL NORIEGA; DRUG MATTER; OO:
TAMPA.

RE TAMPA TELETYPE TO MIAMI DATED 2/12/90.

THE 1989 MIAMI BRESSER'S REFLECTS THE FOLLOWING SUBSCRIBER
INFORMATION: (305) 271-0944 - SNAP-ON TOOLS, 7700 NORTH KENDALL
DRIVE, MIAMI, FLORIDA.

MIAMI INDICES CHECKS WERE CONDUCTED WITH NEGATIVE RESULTS.

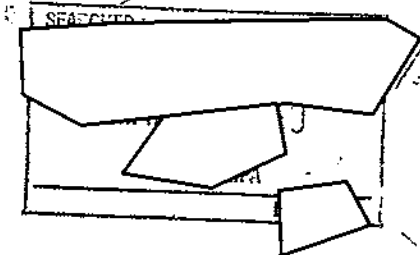
MIAMI INVESTIGATION CONTINUING.

BT

00014

NNNN

12B-997 Sub D-120



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b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/9/90

[redacted] Records and Subpoenas
Security Department, United Telephone Company pursuant to
the issuance of a Subpoena directed to [redacted]
[redacted] United Telephone Company of Florida
P.O. Box 370 Ft. Myers, Florida dated February 28, 1990
provided the following information:

Subscriber information regarding telephone number [redacted]

[redacted] Date of service 6/5/89.

D/S [redacted]
Interviewed FORMS
phones

12B997 Sub D - 121

Investigation on 3/5/90 at Ft. Myers, Florida File # 12B-997 Sub D - 121
by I.A. [redacted] Date dictated 3/9/90

File - Serial Charge Out
FD-5 (Rev. 6-17-70)

File _____ Date _____

Class.

Case No.

Last Serial

☐ Pending

☐ Closed

Serial No.

Description of Serial

Date
Charged

12B997 Sub A - 12-21

transferred to

12B997 Sub B

Employee _____

RECHARGE

Date _____

To _____ From _____

als of
ark

Date

0024 PRI 01454

PP FBITY

DE FBIN 00011 0661717

ZNR BUUUP

P 071605Z MAR 90

FM FBI MIAMI (128-TP-997) (N-5) (P)

TO FBI TAMPA (128-TP-997)/PRIORITY/

BT

UNCLAS

CITE: //3460//

SUBJECT: STARBANK; DRUG MATTER; OO: TAMPA.

RE TAMPA TELETYPE TO MIAMI 3/1/90.

THE 1989 MIAMI BRESSER'S REFLECTS THE FOLLOWING SUBSCRIBER
INFORMATION:

[REDACTED] - NON-PUBLISHED; [REDACTED] - NON-
PUBLISHED; (305) 592-0200 - ECUATORIANA AIRLINES, 7270 NW 12TH
STREET, MIAMI, FLORIDA.

AN ADMINISTRATIVE SUBPOENA HAS BEEN ISSUED FOR THE ABOVE
NON-PUBLISHED NUMBERS. UPON SUBSCRIBER INFORMATION IS OBTAINED,
MIAMI WILL FORWARD TO TAMPA.

b6
b7c

128997 Sub D-123

[REDACTED] 128997 373

SEARCHED	SERIALIZED
MAR 07 1990	
[REDACTED]	FBI - TAMPA

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PAGE TWO DE FBINN 0011 UNCLAS

BT

00011

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0023 FBI 01452

TP FB1TP

DE PRINT 00010 0601716

ZNE UUUUU

P 071604Z MAR 90

FM FBI MIAMI (12P-TP-997) (N-5) (P)

TO FBI TAMPA (12P-TP-997)/PRIORITY/

BT

UNCLAS

CITE: //3460//

SUBJECT: STAPRANK; GENERAL MANUEL NORIEGA; DRUG MATTER; OC:
TAMPA.

RE TAMPA TELETYPE TO MIAMI DATED 1/22/90.

THROUGH THE ISSUANCE OF ADMINISTRATIVE SUBPOENAS THE
FOLLOWING SUBSCRIBER INFORMATION WAS OBTAINED FROM SOUTHERN BELL
TELEPHONE COMPANY, MIAMI AND FORT LAUDERDALE:

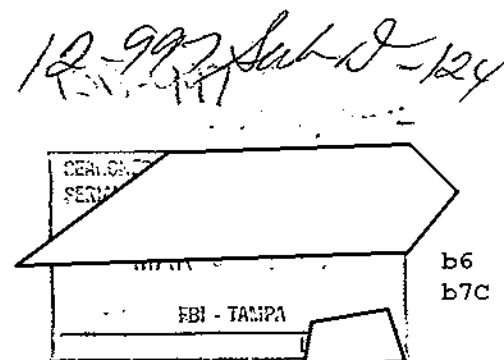
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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PAGE TWO DE TTIME 0010 UNCLAS

[REDACTED]

[REDACTED]

DUE TO THE LARGE LATIN POPULATION IN THE MIAMI AREA, MIAMI
IS UNABLE TO IDENTIFY [REDACTED] WITHOUT FURTHER
DESCRIPTIVE DATA.

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MIAMI INDICES CHECKS RE [REDACTED] AND [REDACTED] WERE NEGATIVE.
MIAMI WILL FORWARD ORIGINAL SUBPOENA UNDER SEPARATE AIDTEL.
MIAMI INVESTIGATION CONTINUING.

PT

#0010

NNNN

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/26/90

An administrative subpoena was issued on January 26, 1990 by [redacted] Assistant Special Agent in Charge, directed to [redacted] SOUTHERN BELL TELEPHONE COMPANY (SBT), Ft. Lauderdale, Florida, calling for production of telephone company records to an Investigative Assistant.

b6
b7C

Pursuant to this subpoena, a representative of SBT furnished subscriber information as reflected on the attached customer service records:

Investigation on 2/16/90 at [redacted] Florida File # MM 12B-TP-997
by IA [redacted] Date dictated 2/16/90

*Sub B-125*b6
b7C

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 2/26/90

SAC, TAMPA (12B-TP-997)

SAC, MIAMI (12B-TP-997) (P)

ARBANK;
 OO:TP

Re Tampa teletype 1/10/90.

Enclosed for Tampa are the following:

1. Original executed administrative subpoena directed to [redacted] SOUTHERN BELL TELEPHONE COMPANY, Ft. Lauderdale, Florida, along with subscriber information attached thereto.

2. Original and one copy of an FD-302 reflecting subscriber information obtained pursuant to above subpoena.

Miami indices are negative regarding subscriber.

Investigation continuing.

② - Tampa (Enc. 3)
 1 - Miami
 [redacted]
 (3)

1*

Approved: *See 1A102*
Serial 125

Transmitted

(Number)

(Time)

Per

MAR 9 1990

U.S. GPO: 1987 - 181-488

b6
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AIRTEL

2/26/90

TO: SAC, TAMPA (12B-TP-997)
FROM: SAC, MIAMI (12B-TP-997) (P)
STARBANK
OO:TP

Re Tampa teletype 1/10/90.

Enclosed for Tampa are the following:

1. Original executed administrative subpoena directed to [redacted] SOUTHERN BELL TELEPHONE COMPANY, Ft. Lauderdale, Florida, along with subscriber information attached thereto.

b6
b7C

2. Original and one copy of an FD-302 reflecting subscriber information obtained pursuant to above subpoena.

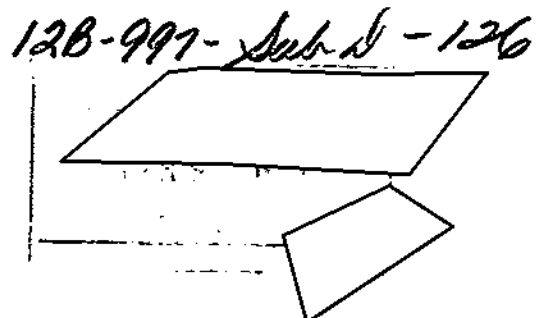
Miami indices are negative regarding subscriber.

Investigation continuing.

② - Tampa (Enc. 3)
1 - Miami
[redacted]
(3)

b6
b7C

1*



FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/8/90

An administrative subpoena was issued on February 6, 1990, by Supervisory Special Agent, [REDACTED] FEDERAL BUREAU OF INVESTIGATION, Miami, Florida, directed to [REDACTED] SOUTHERN BELL TELEPHONE COMPANY (SBT), Miami, Florida, calling for production of telephone company records to an Investigative Assistant (IA).

b6
b7C

Pursuant to this subpoena, records of the SBT were reviewed and the following subscriber information was obtained for the following telephone number:

b6
b7C

Social Security Account Number: [REDACTED]

SBT records furnished by [REDACTED] on March 2, 1990, to IA [REDACTED] who turned them over to IA [REDACTED]

b6
b7C

DIS - [REDACTED] *forward FOM S phones*

12-997 Sub J-127

b6
b7CInvestigation on 3/5/90 at Miami, Florida File # 12B-TP-997by IA [REDACTED] [REDACTED] Date dictated 3/5/90b6
b7C

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 3/8/90

b6
b7C

SAC, TAMPA (12B-TP-997)

SAC, MIAMI (12B-TP-997) (P)

STARBANK;
 DRUG MATTER
 (OO: TAMPA)

Re Miami teletype to Tampa dated 3/5/90.

Enclosed for Tampa are the following:

1. Original executed administrative subpoena and
 original subscriber information.

2. Original and one copy of an FD-302 re the service
 of an administrative subpoena served on SOUTHERN BELL TELEPHONE
 COMPANY, Miami.

Miami investigation continuing.

b6
b7C

2 - Tampa (Enc. 3)
 1 - Miami

(3)

1*

Approved: _____

Transmitted _____

(Nu

(Time)

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b7C

FBI/DOJ

*See 1A103
 serial 127*

12B-997-SUBP-128

DLS

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/12/90

Pursuant to a subpoena served to [REDACTED]
[REDACTED] General Telephone Company, Tampa, Florida
Dated February 28, 1990 the following information was provided:

b6
b7C

No account found

--

b6
b7C

No account found

DIS  ~~and~~ Fluorescent phones.

12-997 Sub D-129

b6
b7C

Investigation on 3/11/90 at Tampa, Florida File # 12B-997 Sub D

by _____ I.A. _____ Date dictated 3/12/90.

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b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/12/90

Pursuant to a subpoena served to
Dated March 1, 1990 General Telephone Company, Tampa, Florida
the following information was provided:

 No account found

b6
b7C

DES 

12B997 Sub D -130



b6
b7C

Investigation on 3/11/90 at Tampa, Florida File # 12B-997 Sub D

by I.A. Date dictated 3/12/90

b6
b7C

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/16/90

Pursuant to a subpoena served to [redacted]
[redacted] General Telephone Company, Tampa, Florida
Dated March 1, 1990 the following information was provided:

b6
b7C

800-334-3356

FAUCETT AIRLINE
7220-N.W. 36th Street Miami, Florida

653-0809

Cross referenced to main #
653-0017 PHAR-MOR 2564 Brandon Blvd N.
Brandon, Florida 33511

[redacted]

[redacted]

b6
b7C

749-7194

Cross referenced to main #
4DI-0261 to MANATEE COUNTY GOVERNMENT
Court House
Bradenton, Florida 33505

931-0842

Cross Referenced to main #
935-8585 TAMPA HONDALAND INC.
11024 Florida Avenue N
Tampa, Florida 33612

228-2751

Cross referenced to main #
225-7146 U.S. GOVT/DEPT OF LABOR
1211 Westshore Blvd N
Tampa, Florida 33609

671-6217

Cross Referenced to main #
1DI-3744 CARGILL-GARDINER INC.
U.S. HIGHWAY 41 S
Tampa, Florida 33619

680-3679

Cross Referenced to main #
3DI-0780 to FMC CORP
Fairway Avenue
Lakeland, Florida 33801

Investigation on 3/12/90 at Tampa, Florida File # 12D-997 SubD -131

by I.A. [redacted] Date dictated 3/16/90

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Continuation of FD-302 of , On 3/12/90, Page 2b6
b7c

800-343-4249

TROPICAL TRAVEL TOURS
Bahama

800-432-0468

FAUCETT AIRLINE
7220 N.W. 36th Street
Miami, Florida

800-446-7672

MAGATA AMERICA CORP
400 N. Lively Blvd
Grove Village, Ill.

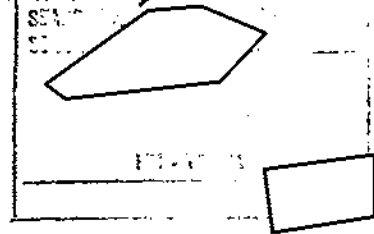
800-447-4477

PINCOR POWER
3700 N. Acorn Lane
Franklin Park, Ill.

DIS

entered
FOIMS
phones

12-997 Sub-I-131



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b7C

File - Serial Charge Out
FD-5 (Rev. 6-17-70)

File _____ Class. _____ Case No. _____ Last Serial _____ Date _____

☐ Pending

☐ Closed

Serial No. _____ Description of Serial _____ Date Charged _____

12B 997 Sub A - 132
133

transferred to
12B 997 Sub B

Employee _____

RECHARGE

Date _____

To _____ From _____

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erk

Date

0032 MRI 02139

PP FBITP

DE FTMM #0028 0742112

ZNR UUUUU

P 152050Z MAR 90

FM FPI MIAMI (12B-TP-997) (N5)

TO FBI TAMPA (12B-TP-997)/PRIORITY/

PT

UNCLAS

CITE: //3460//

SUBJECT: STARRANK; DRUG MATTER; OO: TAMPA.

RE MIAMI TELETYPE TO TAMPA 3/7/90.

THE ISSUANCE OF AN ADMINISTRATIVE SUBPOENA REFLECTS THE
FOLLOWING SUBSCRIBER INFORMATION: [REDACTED] (NON-LISTED) -

[REDACTED] BILLED
TO [REDACTED] SAME ADDRESS.

[REDACTED]

[REDACTED]

MIAMI INDICES WERE NEGATIVE REGARDING SUBSCRIBERS.

THE ORIGINAL EXECUTED ADMINISTRATIVE SUBPOENA AND



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FOIMS
phones

12B-997-508D-134

SEARCHED	INDEXED
SERIALIZED	FILED
FBI - TAMPA	

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b7C

PAGE TWO DE FBIMM 0028 UNCLAS

FD 302'S WILL BE SENT UNDER SEPARATE COVER.

BT

#0028

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0033 FRI 01531

PP FBTP

DE FEIAT #0028 0752025

ZNR UUUUU

P 161639Z MAR 90

FM FRI ATLANTA (12E-TP-997) (P)

TO FRI TAMPA (12E-997 SUB D)/PRIORITY/

BT

UNCLAS

CITE: //3040:SQ 6//

SUBJECT: STARPANK; GENERAL MANUEL NORIECA; DRUG MATTER; OO:
TAMPA.

RE TAMPA TELETYPE TO ATLANTA DATED 2/21/90.

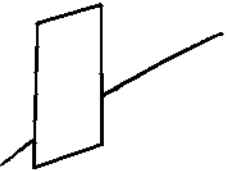
ON 2/26/90, INVESTIGATION AT ATLANTA REVEALED THE FOLLOWING
INFORMATION:

TELEPHONE NUMBER 404-653-4000 IS SUBSCRIBED TO BY GEORGIA
BAPTIST MEDICAL CENTER, 300 BOULEVARD, NE, ATLANTA, GEORGIA.

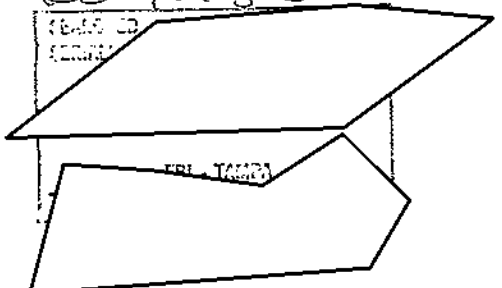
NUMBER 404-653-4569 REFERS TO TELEPHONE NUMBER 404-653-4000,
WHICH IS SUBSCRIBED TO BY GEORGIA BAPTIST MEDICAL CENTER, 300
BOULEVARD, NE, ATLANTA, GEORGIA.

*entered
FOIMS
phones*

DIS



12B-997 SUB D -135



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b7C

PAGE TWO DE FPIAT 0028 UNCLAS

ATLANTA DIVISION INDICES NEGATIVE REGARDING ABOVE SUBSCRIBED
INFORMATION.

BT

#0028

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100 100 100 100 100

DE FPICV #0003 0812054

ZNR UUUUU

I. 221963Z MAR 90

FM FBI CLEVELAND (245P-TP-273)

TC FBI TAMPA/ROUTINE/

37

UNCLAS

CITL: //3170//

SUBJECT: STARBANK; MANUEL ANTONIO NORIEGA;

DPUG MATTERS; 00: TAMPA.

RE BUTFL TO ALL FIELD OFFICES, 1/31/90.

FOLLOWING ARE SUBSCRIBERS TO NUMBERS LISTED IN
REFERENCED COMMUNICATION:

(419) 248-1051, BEN'S TRUCK PARTS AND EQUIPMENT, INC.,
P.O. BOX 2908, TOLEDO, OHIO, 43609; (614) 272-1016, ENGINE
REBUILDERS SUPPLY CORPORATION, 1525 KARPISBURG, COLUMBUS,
OHIO.

IT SHOULD BE NOTED THAT COLUMBUS NUMBER IS IN THE

D/S entered FORMS phones

12B-997 Sub D-136

b6
b7C

PAGE TWO DE FEICV 0003 UNCLAS

CINCINNATI DIVISION, HOWEVER, IT WAS OBTAINED THROUGH
CLEVELAND DIVISION PHONE COMPANY CONTACTS. CLEVELAND
INDICES REVEALED BEN'S TRUCK PARTS, 958 WALLSTREET, TOLEDO,
OHIO, TELEPHONE (419) 248-3321. THIS REFERENCE WAS FROM
CAPTIONED CASE FILE.

~~C BY G-3; DECL:OADR~~

BT

#0003

NNNN

FEDERAL BUREAU OF INVESTIGATION

- 1 -

Date of transcription 3/9/90

An administrative subpoena was issued on 1/26/90, by ASAC [redacted] FBI, Miami, Fl, directed to [redacted] SOUTHERN BELL TELEPHONE COMPANY, Miami, Florida, calling for production of telephone company records to an IA.

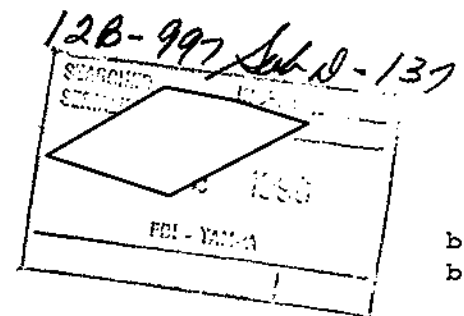
b6
b7C

Pursuant to this subpoena, records of the SOUTHERN BELL TELEPHONE COMPANY were reviewed and the following subscriber information was obtained for the following telephone number:

b6
b7C

SOUTHERN BELL TELEPHONE COMPANY records furnished by [redacted] on 2/22/90, to IA [redacted]

DIS
entered forms
phones

b6
b7C

Investigation on 2/22/90 at Miami, Florida File # 12B-TP-997

by IA [redacted] [redacted] Date dictated 2/22/90

b6
b7C

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 3/9/90

1 T : TAMPA (12B-TP-997)
 2 M : SAC, MIAMI (12B-TP-997)

3 SUBJECT: STARBANK;
 4 GENERAL MANUEL ANTONIO NORIEGA, aka

5 DRUGS - COLOMBIAN/SOUTH AMERICAN
 6 TRAFFICKING ORGANIZATIONS - COCAINE
 7 OO: TP

8 Re Miami teletype to Director dated 2/23/90.

9 Enclosed for Tampa are the following:

10 1. Original and one copy of an FD-302 re the service
 11 of an administrative subpoena served on SBT, Miami.

12 2. Original executed administrative subpoena and
 13 original subscriber information.

14
 15
 16
 17
 18
 19
 20 ② - Tampa (Encl)
 21 1 - Miami

(3)

Enc ph. 137
1A 104

12B 997, Sub D-138

Approved: _____

Transmitted _____

(Number)

(Time)

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b7Cb6
b7Cb6
b7C

FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 3/12/90

An administrative subpoena was issued on February 22, 1990, by Assistant Special Agent in Charge [REDACTED] FEDERAL BUREAU OF INVESTIGATION (FBI), Miami, Florida, directed to [REDACTED] SOUTHERN BELL TELEPHONE COMPANY, Miami, Florida, calling for production of telephone company records to an Investigative Assistant.

b6
b7C

Pursuant to this subpoena, records of the SOUTHERN BELL TELEPHONE COMPANY were reviewed and the following subscriber information was obtained for the following telephone number:

[REDACTED]

[REDACTED]

[REDACTED]

b6
b7C

SOUTHERN BELL TELEPHONE COMPANY records furnished by [REDACTED] on March 6, 1990, to Investigative Assistant [REDACTED] who turned them over to Investigative Assistant [REDACTED]

b6
b7C

DES
2/28/90
FOIMS
phones

12B-997 Sub A-139

SEARCHED	INDEXED
SERIALIZED	FILED
MAR 13 1990	
FBI - MIAMI	

b6
b7C

Investigation on 3/6/90 at Miami, Florida File # 12B-TP-997
by IA [REDACTED] Date dictated 3/6/90

b6
b7C

1

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/27/90

An administrative subpoena was issued on January 26, 1990, by Assistant Special Agent in Charge [REDACTED] FEDERAL BUREAU OF INVESTIGATION (FBI), Miami, Florida, directed to [REDACTED] SOUTHERN BELL TELEPHONE COMPANY (SBT), Miami, Florida, calling for production of telephone company records to an Investigative Assistant (IA).

b6
b7C

Pursuant to this subpoena, records of the SBT were reviewed and the following subscriber information was obtained for the following telephone number:

[REDACTED]

Social Security
Account Number:

[REDACTED]

b6
b7C

SBT records furnished by [REDACTED] on February 22, 1990, to IA [REDACTED]

[REDACTED]

- DES [REDACTED]
attached
FBI'S phones

12-997 Sub D-140

SEARCHED	INDEXED
SERIALIZED	FILED
FBI - TAMPA	

b6
b7C

Investigation on 2/22/90 at Miami, Florida File # Miami 12B-TP-997

by IA [REDACTED] [REDACTED] Date dictated 2/23/90

b6
b7C

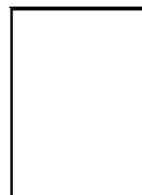
FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/7/90

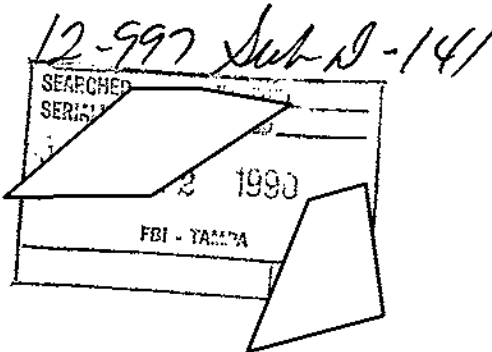
An administrative subpoena was issued on January 25, 1990, by [redacted] Assistant Special Agent in Charge, directed to [redacted] SOUTHERN BELL TELEPHONE COMPANY (SBT), Fort Lauderdale, Florida, calling for production of telephone company records to an Investigative Assistant.

b6
b7C

Pursuant to this subpoena, a representative of SBT furnished subscriber information as reflected on the attached customer service record.



DIS [redacted]

b6
b7CInvestigation on 2/5/90 at Miami, Florida File # 12B-TP-997by IA [redacted] [redacted] Date dictated 2/5/90b6
b7C

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 3/12/90

1

2

C, TAMPA (12B-TP-997)

b6
b7C

3

SAC, MIAMI (12B-TP-997) (P)

4

PARBANK;
 GENERAL MANUEL NORIEGA;
 DRUG MATTER
 (OO: TAMPA)

5

6

Re Miami teletype to Tampa, dated 1/22/90.

7

Enclosed for Tampa are the following:

8

1. Three original executed administrative
 subpoenas and original subscriber
 information;

9

10

2. Original and one copy each of three
 FD-302s regarding the service of
 administrative subpoenas served on
 SOUTHERN BELL TELEPHONE COMPANY, Miami
 and Ft. Lauderdale, Florida;

b6
b7C

11

12

Miami investigation continuing.

13

14

② - Tampa (Enc. 9)
 2 - Miami

15

(4)

b6
b7C

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17

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21

*Exc Ser 139, 140, 141
 1A105, 1A106, 1A107*

12-997 Sub D-142

Approved: _____

Transmitted _____

(Number)

(Time)

b6
b7C

mdy

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 3/17/90

1 TO : SAC, TAMPA (12B-997, SUB D)
 2 FROM : SAC, ATLANTA (12 B-TP-997) (SQ. 6) (P)
 3 SUBJECT: STARBANK;
 4 GENERAL MANUEL NORIEGA;
 5 DRUG MATTER;
 6 OO: TP

7 Reference Tampa teletype to Atlanta, dated 2/21/90, and
 8 Atlanta teletype to Tampa, dated 3/14/90.

9 Enclosed for Tampa is original administrative subpoena
 10 and subscriber information pertaining to telephone numbers (404)
 11 653-4000 and (404) 653-4569.
 12
 13
 14
 15
 16
 17

18
 19 (2) - Tampa (Enc. 2) [redacted]
 20 3 - Atlanta (2 - 12-TP-997)
 21 (1 - 12-148)

Approved [redacted]

Transmitted

(Number)

(Time)

12-997 Sub D-143

Se. 30
SEARCHEDb6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/9/90

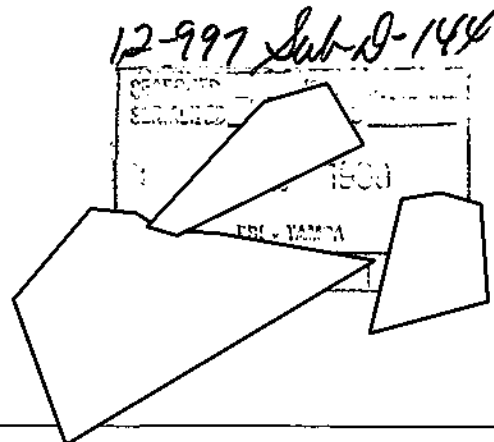
An administrative subpoena was issued on February 22, 1990, by Assistant Special Agent in Charge (ASAC) [redacted] [redacted] FEDERAL BUREAU OF INVESTIGATION (FBI), Miami, Florida, directed to [redacted] SOUTHERN BELL TELEPHONE COMPANY (SBT), Miami, Florida, calling for production of telephone company records to an Investigative Assistant (IA).

b6
b7C

Pursuant to this subpoena, a representative of SBT furnished subscriber information as reflected on the attached customer service records.

b6
b7C

D/S - [redacted]
entire
FBI's
phones

b6
b7C

Investigation on 3/6/90 at Miami, Florida File # 12B-TP-997
by IA [redacted] Date dictated 3/6/90

b6
b7C

126-TP-997

-

716-2375

- Korman, Hulse
Inc.

Unit 109

My name, fl. 33126

592-2434

- Cannon, Express Inc.

7574 N.W. 66th Street

My name, fl. 33166

592-2864

- Kasten, Hulse

9300 N.W. 36th Street

DES (Data Equipment Room)

b6
b7C

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 3/19/90

TO: SAC, TAMPA (12B-997 Sub D)

FROM: SAC, MIAMI (12B-TP-997) (P)

STARBANK;
 GENERAL MANUEL NORIEGA;
 DRUG MATTER;
 OO: TAMPA

Re Miami teletype to Tampa dated 3/12/90.

Enclosed for Tampa are the following:

1. Original executed administrative subpoena
 and original subscriber information.

2. Original and one copy of an FD302 re the
 service of an administrative subpoena served on SOUTHERN
 BELL TELEPHONE COMPANY, Miami.

Miami investigation continuing.

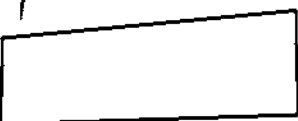
② - Tampa (12B-997 Sub D) (Encl. 4)
 2 - Miami (12B-TP-997)

(4)

Enc 1A109
 144

DIS

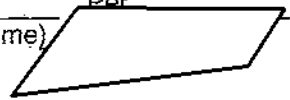
12B-997-SUBD-145

Approved: 

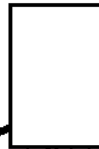
Transmitted

(Number)

(Time)

Per 

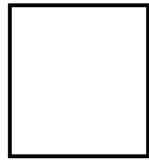
DLS



entered
forms
phones



12-997 Sub D-146



b6
b7C

1

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/20/90

An administrative subpoena was issued on March 14, 1990, by Assistant Special Agent in Charge [REDACTED] [REDACTED] FEDERAL BUREAU OF INVESTIGATION (FBI), Miami, Florida, directed to [REDACTED] SOUTHERN BELL TELEPHONE COMPANY (SBT), Miami, Florida, calling for production of telephone company records to an Investigative Assistant (IA):

b6
b7C

Pursuant to this subpoena, a representative of SBT furnished subscriber information as follows:

[REDACTED]

Billed to:

[REDACTED]

[REDACTED]

b6
b7C

Investigation on 3/15/90 at Miami, Florida File # Miami 12B-TP-997

by IA [REDACTED] Date dictated 3/15/90

b6
b7C

FBI

TRANSMIT VIA:

☐ Teletype☐ Facsimile☒ AIRTEL

PRECEDENCE:

☐ Immediate☐ Priority☐ Routine

CLASSIFICATION:

☐ TOP SECRET☐ SECRET☐ CONFIDENTIAL☐ UNCLAS E F T O☐ UNCLAS

Date 3/20/90

SAC, TAMPA (12B-TP-997)

SAC, MIAMI (12B-TP-997) (N-5) (P)

ANK;

MATTER

(OO: TAMPA)

Re Miami teletype to Tampa dated 3/14/90.

Enclosed for Tampa are the following:

1. An original and one copy of an FD-302, reflecting subscriber information.
2. An original executed administrative subpoena with original subscriber information attached.

Miami investigation continuing.

② - Tampa (Enc. 3)

1 - Miami

(3)

1*

Approved: Eve 1A110Transmitted 146

(Number)

(Time)

Per 12997 Sub D-147b6
b7c

0001 MRI 00031

RR FRITP

DE FBIIS #0005 0900044

ZNR UUUUU

R 310023Z MAR 90

FM FBI BOSTON (245B-TP-273) (RUC)

TO FBI TAMPA (12B-997 SUBD) (SQ 5)/ROUTINE/

BT

UNCLAS

CITE: //3090//

SUBJECT: STARBANK; GENERAL MANUEL NORIEGA; DRUG MATTER.

RE TAMPA TELETYPE DATED 1/31/90.

FOR INFO OF TAMPA, NON-PUBLISHED TELEPHONE SUBSCRIBER
INFORMATION WAS OBTAINED FROM NEW ENGLAND TELEPHONE ON 3/29/90
FOR PHONE NUMBER [REDACTED]

b6
b7c

THE SUBSCRIBER IS LISTED AS [REDACTED]

[REDACTED]
BOSTON'S GENERAL, CONFIDENTIAL, AND ELSUR INDICES WERE
SEARCHED ON 3/30/90 WITH NEGATIVE RESULTS.

BT

#0005

NNNN

DIS

12B-997 sub D-148

SEARCHED
SERIALIZED

b6
b7c

1990 APR -2 PM 2:57

0027 MRI 02162

PP FBITP

DE FBIAT #0015 0931843

ZNR UUUUU

P 031835Z APR 90

FM FBI ATLANTA (12D-TP-997) (P)

TO FBI TAMPA (12D-997 SUB D)/PRIORITY/

BT

UNCLAS

CITE: //3040:SQ 6//

SUBJECT: STARBANK; DRUG MATTER; OO: TAMPA.

REFERENCE TAMPA TELETYPE TO ATLANTA DATED MARCH 12, 1990.

ON MARCH 12, 1990, ADMINISTRATIVE SUBPOENA WAS SERVED ON [REDACTED]

[REDACTED] SOUTHERN BELL TELEPHONE

COMPANY, ATLANTA, GEORGIA, REQUESTING SUBSCRIBER INFORMATION
PERTAINING TO TELEPHONE NUMBER (404) 765-7261. ON MARCH 16,
1990, [REDACTED] FURNISHED THE FOLLOWING INFORMATION:

TELEPHONE NUMBER (404) 765-7261 REFERS TO TELEPHONE NUMBER
(404) 765-7299 WHICH IS A NON-LISTED TELEPHONE NUMBER FOR THE
UNITED STATES POST OFFICE, 3900 CROWN ROAD, SOUTHWEST, ATLANTA,

b6
b7c

D/S [REDACTED] FORMS
phones

12B-997 SUB D-149
[REDACTED]
[REDACTED]
b6
b7c

PAGE TWO DE FBIAT 0015 UNCLAS

GEORGIA. ADDITIONAL LISTINGS FOR THIS TELEPHONE NUMBER ARE FOR
UNITES STATES GOVERNMENT, POSTAL SERVICE EMPLOYMENT INFORMATION.

ORIGINAL SUBPOENA AND SUBSCRIBER INFORMATION BEING FORWARDED
BY ATLANTA UNDER SEPARATE AIRTEL. NO INDICES CHECK CONDUCTED IN
VIEW OF NATURE OF SUBSCRIBER INFORMATION.

BT

#0015

NNNN

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/20/90

An administrative subpoena was issued on March 26, 1990, by Supervisory Special Agent, [REDACTED] FEDERAL BUREAU OF INVESTIGATION (FBI), Miami, Florida, directed to [REDACTED] SOUTHERN BELL TELEPHONE COMPANY (SBTC), Miami, Florida, calling for production of telephone company records to an Investigative Assistant (IA).

Pursuant to this subpoena, records of the SBTC were reviewed and the following subscriber information was obtained for the following telephone number:

[REDACTED] unassigned

SBTC records furnished by [REDACTED] on April 16, 1990, to IA [REDACTED]

b6
b7Cb6
b7C*12-997 Sub D-150*

Investigation on 4/16/90 at Miami, Florida File # 12B-TP-997
by IA [REDACTED] [REDACTED] Date dictated 4/16/90

b6
b7C

FBI

TRANSMIT VIA:

- ☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

- ☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

- ☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 4/25/90

b6
b7C

SAC, TAMPA (12B-TP-997)

SAC, MIAMI (12B-TP-997) (P)

Subject:

STARBANK;
 GENERAL MANUEL NORIEGA
 DRUG MATTER
 (OO: TAMPA)

Re Tampa teletype to Miami dated 2/15/90.

Enclosed for Tampa are the following:

1. Original and one copy of an FD-302 re the service of an administrative subpoena served on SBT, Miami.

2. Original executed administrative subpoena served on SBT, Miami.

The 1989 Cross Reference Directory for Fort Lauderdale and the 1989 Cross Reference Directory for Immokolee reflect the following subscriber information:

[Redacted]

[Redacted]

[Redacted]

b6
b7C

Miami indices checks were conducted with negative results.

Miami investigation continuing.

2 - Tampa (Enc. 3)
 2 - Miami

(4)

1*

12B-997-SUBD-151

b6
b7C

Approved:

Transmitted

(Number)

(Time)

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 4/20/90

TO : SAC, TAMPA (12D-997, SUB D)
 FROM : SAC, ATLANTA (12D-TP-997) (P) (SQ 6)
 SUBJECT: STARBANK;
 DRUG MATTER
 OO: TAMPA

Re Tampa teletype to Atlanta dated 3/12/90; and Atlanta teletype to Tampa dated 3/30/90.

Enclosed for Tampa are original subpoena and subscriber information pertaining to telephone number 404-765-7261.

b6
 b7C

2 - Tampa (Enc. 2)
 2 - Atlanta

(4)

Approve

Transmitted

(Number)

(Time)

Per

b6
 b7C

12B-997-SUBD-152

See 1A112

DES

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1384103-000

Total Deleted Page(s) = 25

Page 82 ~ Duplicate;
Page 83 ~ Duplicate;
Page 126 ~ b6; b7C; b7E;
Page 127 ~ b6; b7C; b7E;
Page 128 ~ b6; b7C; b7E;
Page 129 ~ b7E;
Page 130 ~ b6; b7C; b7E;
Page 131 ~ b7E;
Page 132 ~ b7E;
Page 133 ~ b6; b7C; b7E;
Page 134 ~ b6; b7C; b7E;
Page 135 ~ b7E;
Page 136 ~ b6; b7C; b7E;
Page 137 ~ b6; b7C; b7E;
Page 138 ~ b7E;
Page 139 ~ b6; b7C; b7E;
Page 140 ~ b6; b7C; b7E;
Page 141 ~ b7E;
Page 142 ~ b6; b7C; b7E;
Page 143 ~ b7E;
Page 144 ~ b6; b7C; b7E;
Page 145 ~ b6; b7C; b7E;
Page 277 ~ Duplicate;
Page 278 ~ Duplicate;
Page 279 ~ Duplicate;

XXXXXXXXXXXXXXXXXXXXX
X Deleted Page(s) X
X No Duplication Fee X
X For this Page X
XXXXXXXXXXXXXXXXXXXXX

(Indicate page, name of newspaper, city and state.)

(Mount Clipping in Space Below)

Leader scrutinized

WASHINGTON — Panamanian strongman Gen. Manuel Antonio Noriega is the focus of a major federal drug conspiracy investigation and is suspected of providing protection to cocaine trafficking and money laundering operations in return for hefty payoffs, federal law enforcement sources said Monday.

The probe by a federal grand jury in Miami is being pursued despite a split within the Reagan administration about whether to press for Noriega's ouster.

Investigators charge that Noriega alleg-

**Noriega**

edly has been skimming as much as 1.5 percent of the value of drug shipments and drug-related money transfers passing through Panama for several years.

Date: August 4, 1987
Edition: THE TAMPA TRIBUNE
TAMPA, FLORIDA
Page 2-A

Title:

Character: 245B-148-Sub 31
or
Classification:
Submitting Office: Tampa

Indexing:

12B-997 Sub A - 1
245B-148 Sub 31 Sub A - 1

SEARCHED	INDEXED
SERIALIZED	FILED
AUG 14 1987	
FBI - TAMPA	

b6
b7C

(Mount Clipping in Space Below)

Sources: U.S. drug probe targets leader Panama's

WASHINGTON — Panamanian strongman Manuel Antonio Noriega is the focus of a major federal drug conspiracy investigation, and is suspected of providing protection to cocaine trafficking and money laundering operations in return for hefty payoffs, federal law enforcement sources said Monday.

The probe by a federal grand jury in Miami is being pursued despite a split within the Reagan administration about whether to press for Gen. Noriega's ouster. CIA and Pentagon officials are reportedly maintaining that the fall of the Panamanian defense chief could endanger U.S. military bases in Panama.

Investigators charge that Noriega allegedly has been skimming as much as 1.5 percent of the value of drug shipments and drug-related money transfers passing through Panama for several years. They say that attempts by Noriega to increase his percentage prompted people with knowledge of the scheme to come to U.S. authorities and contribute to the case being built by Drug Enforcement Administration (DEA) agents.

One law-enforcement source familiar with the matter rated as "very strong" the evidence gathered so far, but acknowledged that there are problems in corroborating some details provided by single sources. Another official, also close to the investigation, said "don't hold your breath," when asked if an indictment was imminent.

Officials who refused to be identified by name or agency said that the investigation

(Indicate page, name of newspaper, city and state.)

Date: August 4, 1987
Edition: ST. PETERSBURG TIMES
ST. PETERSBURG FLORIDA
PG E1

Title:

Character: 245B-148-Sub 31
or
Classification:
Submitting Office: Tampa

Indexing:

12B-997 Sub A -2
245B-148 Sub 31 Sub A -2

SEARCHED
SERIALIZED

AUG 14 1987

FBI - TAMPA

b6
b7c



Investigators say Noriega is the focus of a federal drug investigation.

almost certainly would cause further strain to the United States' increasingly tense relations with Noriega's regime. After widespread demonstrations against the military chief, the State Department has called for new elections and a return to civilian rule in Panama.

While the officials conceded that there was little possibility that Panama would agree to extradite Noriega to face federal charges in Florida, where much of the cocaine allegedly entered this country, they said that allegations formally returned by a grand jury could intensify pressures inside and outside Panama to reduce corruption and the flourishing drug trade there.

Two sources familiar with a congressional investigation of narcotics in Latin America said that several witnesses have directly implicated Noriega in money laundering and drug protection schemes.

The chief witness, Ramon Milian-Rodriguez, told a Senate subcommittee in private testimony last month that Noriega negotiated a commission of up to 1.5 percent on all money transfers by a major Colombia cocaine cartel through banks in Panama, the sources said.

Milian-Rodriguez, a Cuban-American who allegedly helped manage the Colombian cartel's finances and who is now serving a 35-year sentence on a federal racketeering conviction, testified under oath that he personally had negotiated the commission arrangement with Noriega in 1979, they said.

Milian-Rodriguez said that the Colombian

traffickers have moved as much as \$200-million a month through Panamanian banks — all subject to Noriega's commission, the sources said.

Under Milian-Rodriguez's account of the deal, Noriega offered government protection for the trafficker's money laundering and for cocaine-processing plants in Panama in exchange for commissions on both operations, the sources said.

In 1983, Milian-Rodriguez reportedly testified, Noriega began pressing the Colombians to increase his commission on money laundering transactions to 3 percent, the sources said. It was not clear whether the payments to Noriega were increased that steeply, they said.

Last year, Noriega, commander of the Panama Defense Forces, the nation's sole military and police organization, contended that U.S. press reports linking him to drug trafficking were part of a "dirty war" to prevent his country from taking over the Panama Canal in the year 2000 as scheduled.

U.S. officials have said that

such allegations would have no effect on the canal transfer.

The congressional investigation is being conducted by the Senate Foreign Relations subcommittee on terrorism and narcotics, chaired by Sen. John F. Kerry, D-Mass.

In an unusual political alliance, the liberal Kerry has teamed up with arch-conservative Sen. Jesse Helms, R-N.C., to press the congressional investigation of Noriega and other Latin American officials suspected of involvement in drug trafficking.

Disclosure that Noriega is the target of a federal drug conspiracy investigation comes only two months after Attorney General Edwin Meese and other Justice Department officials praised Panamanian law-enforcement officials for seizing millions of dollars of drug profits deposited in Panama banks by major Colombian drug traffickers.

"When Meese talks about the cooperation he's gotten from Panama, it's basically busting the Colombian cartel's competitors," a source familiar with the Senate investigation said.

The Colombian cartel allegedly linked to Noriega is run by drug

kingpins Jorge Ochoa and Pablo Escobar, and is suspected of supplying as much as 75 percent of the cocaine sold in the United States.

Milian-Rodriguez told the Senate panel that the cartel owns majority interests in seven banks in Panama, the sources said.

Senate sources said that Noriega has no State Department and little Justice Department support, but is still backed by the Pentagon and CIA.

"The State Department has abandoned Noriega, and so has the National Security Council," a Senate source said. "But the Pentagon and the CIA believe we have more important interests in Panama than fostering democracy and cutting off the drug traffic," referring to concerns that a new regime might evict U.S. military forces stationed in the country.

Diaz Herrera recants retraction of charges

United Press International

PANAMA CITY, Panama — A retired military officer's retraction of accusations against military strongman Gen. Manuel Antonio Noriega was made under duress

and is not valid, his attorney said Monday.

Retired Col. Roberto Diaz Herrera in June accused Noriega of corruption and complicity in the murder of a political opponent. A statement in which he allegedly retracted the accusations was released Sunday.

"He evidently had to make those statements," Diaz Herrera's attorney, Alvin Weeden, said of a signed statement in which the accusations were withdrawn.

"Declarations of this nature have no validity," Weeden said in a telephone interview.

Officials released copies of a statement purportedly made by Diaz Herrera before a prosecutor following his violent arrest by government troops who, using tear gas and automatic weapons, stormed his suburban home July 27.

The statement, given before a state prosecutor at 11 p.m. the day of his arrest, says the claims about electoral fraud "were inspired by statements from opposition political parties."

Previously, in meetings with reporters, Diaz Herrera had said he himself participated in the electoral fraud.

The statement goes on to say his accusation that Noriega ordered the 1985 decapitation murder of political enemy Hugo Spadafora was based on charges by Spadafora's family.

"I cannot corroborate this because I have no proof," the statement quotes Diaz Herrera as saying.

Weeden suggested the statement was made under duress, at a time the retired colonel's wife and children were still being detained and he was held incommunicado.

Diaz Herrera might have agreed to sign the retraction as a way to negotiate his family's release or his own safe passage from Panama, church and diplomatic sources said.

His family has since been allowed to leave for Venezuela, and a priest has been allowed to visit the former military officer. He has not had legal counsel.

Diaz Herrera was the No. 2 man in the Panamanian Defense Forces until forced into retirement in early June. His accusations touched off a wave of anti-government protests and plunged Panama into its worst political crisis in some 20 years.

(Mount Clipping in Space Below)

U.S. Reported Probing Noriega Link to Drugs

Inquiry Pursued Despite Administration Split Over Impact on American Bases in Panama

By RONALD J. OSTROW and DOYLE McMANUS, Times Staff Writers

WASHINGTON—Panamanian strongman Manuel A. Noriega is the focus of a major federal drug conspiracy investigation into whether he has been providing protection to cocaine trafficking and money laundering operations in return for hefty payoffs, federal law enforcement sources said Monday.

The probe by a federal grand jury in Miami is being pursued despite a split within the Reagan Administration about whether to press for Noriega's ouster, with CIA and Pentagon officials reportedly maintaining that the fall of the Panamanian defense chief could endanger U.S. military bases in Panama.

Investigators charge that Noriega, commander of the Panama Defense Forces, the nation's sole military and police organization, has been skimming as much as 1.5% of the value of drug shipments and drug-related money transfers passing through Panama for several years. They say that attempts by Noriega to increase his percentage prompted some who know about the scheme to come to U.S. authorities and contribute to the case being built by Drug Enforcement Administration agents.

One law enforcement source familiar with the matter rated as "very strong" the evidence gathered so far, but acknowledged that there are problems in corroborating some details provided by single sources. Another official, also close to the investigation, replied, "Don't hold your breath," when asked if an indictment is imminent.

Officials who refused to be identified by name or agency said that the investigation almost certainly will cause further strain in the United States' increasingly tense relations with Noriega's regime. After widespread demonstrations against the military chief, the State

Department has called for new elections and a return to unfettered civilian rule in Panama. The Panamanian government has denounced Washington for interfering in Panama's internal affairs.

While the officials conceded that there is little possibility that Panama would agree to extradite Noriega to face federal charges in Florida, where much of the cocaine allegedly entered this country, they said that allegations formally returned by a grand jury could intensify pressures inside and outside Panama to reduce corruption and the flourishing drug trade there.

Two sources familiar with a congressional investigation of narcotics in Latin America said that several witnesses have directly implicated Noriega in money laundering and drug protection schemes.

Private Testimony

The chief witness, Ramon Milian-Rodriguez, told a Senate subcommittee in private testimony last month that Noriega negotiated a commission of up to 1.5% on all money transfers by a major Colombia cocaine cartel through banks in Panama, the sources said.

Milian-Rodriguez, a Cuban-American who allegedly helped manage the Colombian cartel's finances and who is now serving a 35-year sentence on a federal racketeering conviction, testified under oath that he personally had negotiated the commission arrangement with Noriega in 1979, they said.

Milian-Rodriguez said that the Colombian traffickers have moved as much as \$200 million per month through Panamanian banks—all subject to Noriega's commission, the sources said.

(Indicate page, name of newspaper, city and state.)

Date: August 4, 1987
Edition: LOS ANGELES TIMES
PAGE 1

Title:

Character: 245B-148 Sub 31 Sub
or
Classification:
Submitting Office:

Tampa

Indexing:

12B-997 Sub A-2A
~~245B-148 Sub 31~~
Sub A-2A

b6
b7C



Associated Press

Gen. Manuel A. Noriega

Under Milian-Rodriguez's account of the deal, Noriega offered government protection for the trafficker's money laundering and for cocaine-processing plants in Panama in exchange for commissions on both operations, the sources said.

'Dirty War' Alleged

In 1983, Milian-Rodriguez reportedly testified, Noriega began pressing the Colombians to increase his commission on money laundering transactions to 3%, the sources said. It was not clear whether the payments to Noriega were increased that steeply, they said.

Last year, Noriega contended that U.S. press reports linking him to drug trafficking were part of a "dirty war" to prevent his country from taking over full operational control of the Panama Canal in the year 2000 as scheduled. U.S. officials have said that such allegations would have no effect on the timetable under which the canal, now operated by a binational commission, is to become solely a Panamanian operation.

NORIEGA: U.S. Reported Probing Link of Panama

Continued from Page 1

Strongman to Drug Traffickers

The congressional investigation is being conducted by the Senate Foreign Relations subcommittee on terrorism and narcotics, chaired by Sen. John F. Kerry (D-Mass.).

In an unusual political alliance, the liberal Kerry has teamed up with archconservative Sen. Jesse Helms (R-N.C.) to press the congressional investigation of Noriega and other Latin American officials suspected of involvement in drug trafficking.

Praise From Meese

Disclosure that Noriega is the target of a federal drug conspiracy investigation comes only two months after Atty. Gen. Edwin Meese III and other Justice Department officials praised Panamanian law enforcement officials for seizing millions of dollars of drug profits deposited in Panama banks by major Colombian drug traffickers.

"When Meese talks about the cooperation he's gotten from Panama, it's basically busting the Colombian cartel's competitors," a source familiar with the Senate investigation said.

The Colombian cartel allegedly linked to Noriega is run by reputed drug kingpins Jorge Ochoa and Pablo Escobar. It is suspected of supplying as much as 75% of the cocaine sold in the United States.

Milian-Rodriguez told the Senate panel that the cartel owns majority interests in seven banks in Panama, the sources said.

Senate sources said that Noriega has no State Department backing and little Justice Department support, but is still backed by the Pentagon and CIA.

Security Concerns

"The State Department has abandoned Noriega, and so has the National Security Council," a Senate source said. "But the Pentagon and the CIA believe we have more important interests in Panama than fostering democracy and cutting off the drug traffic," referring to concerns that a new regime might evict U.S. military forces stationed in the country.

The Senate passed a resolution of disapproval earlier this year against the Administration's certification that Panama was making good faith efforts to halt drug traffic. Such certification is a step in the release of U.S. foreign aid funds to countries with a history of drug trafficking.

In his testimony before the subcommittee, Milian-Rodriguez said that Noriega received "tens of millions of dollars" from his drug protection deal, one source said.

Milian-Rodriguez was arrested in Fort Lauderdale, Fla., in 1983 and charged with racketeering. He

was convicted and sentenced to 35 years in prison in 1985.

Noriega has been Panama's *de facto* ruler since becoming commander of the Defense Forces in 1983. He has become widely and increasingly unpopular—unlike his best-known modern predecessor, Gen. Omar Torrijos, who died in an airplane crash in 1981. Torrijos was a populist who negotiated the treaty under which Panama regained sovereignty over the Panama Canal from the United States.

Last month, when a former deputy chief of staff accused Noriega of corruption, election fraud and complicity in a political assassination, demonstrations broke out across Panama demanding the general's ouster.

Noriega reacted by imposing a state of emergency, censoring the press and arresting the former deputy, Col. Roberto Diaz Herrera. On Monday, the government released a deposition in which Diaz, while under detention, retracted his accusations.

The State Department has publicly criticized Noriega and called on Panama to return to full civilian rule. At present, an elected civilian holds office as president, but Noriega effectively rules from behind the scenes.

(Mount Clipping in Space Below)

Cuban Officials Waste Funds, Defector Says

By Lewis H. Diuguid
Washington Post Foreign Service

A defector identified yesterday by the State Department as a major in Cuba's intelligence service has described his crossover to the United States as part of a widespread revolt by agents against massive spending by President Fidel Castro on spy activities.

Maj. Florentino Aspillaga Lombardi, 40, defected June 6 by entering Austria from Czechoslovakia, where he was serving as an agent, according to the State Department, which said it would offer no other information.

The U.S. Information Agency's Radio Marti, however, detailed the case of Aspillaga after broadcasting to Cuba the first part of an interview with him on Sunday. In it, he detailed charges of corruption in high places, described dealings with the current military chief of Panama, and offered the first inside explanation of leadership changes in the Ministry of Interior.

Castro's close friend and companion in the revolution, Ramiro Valdes, was ousted as minister of interior in December 1985 and removed from the Politburo of the Communist Party last year without explanation. Aspillaga said Valdes, who came late to the party, lost a power struggle with Castro's brother and second in command, Raul, who is head of the armed forces.

Diplomatic sources in Havana speculated last month that Valdes was removed as part of Castro's crackdown on corruption. Aspillaga indicated, though, that Raul Castro moved against Valdes to protect a colleague, who was chief of intel-

ligence, and who the defector said spent "thousands of dollars on imported whiskey."

At the same time, Aspillaga said, Valdes was spending the peso equivalent of more than \$100 million on a secluded housing complex for ministry staff "when there is no housing for the people."

Aspillaga said that he was the control officer for double agents who were presented on Cuban television last month. He said the broadcasting was an effort to use agents whose covers he had blown for propaganda purposes.

Saying he spoke for a band of agents still on the job, Aspillaga charged that in a diversion of funds following the 1983 U.S. intervention in Grenada, Cuba now maintains 2,086 intelligence officers at home, in several Latin American countries, in African countries where Cuban troops serve, in France and Spain, and in the Soviet Bloc. This is costing millions, he said, and "we are against all this."

As for the current interior minister, Jose Abrahantes Fernandez, Aspillaga said his children are leading "la dolce vita" in Moscow. He charged that the minister has a close association with Panamanian Gen. Manuel A. Noriega and through him supplies arms to Nicaragua and recipients in El Salvador and Honduras.

Denouncing what he termed Cuba's new "Fidelista religion," Aspillaga charged that Castro maintains houses in all 14 provinces, several yachts and a Swiss bank account. The defector said Castro has four children, all studying in Moscow. Castro has claimed publicly only one child, Fidelito, 37.

(Indicate page, name of newspaper, city and state.)

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(Mount Clipping in Space Below)

Listening to Radio Bemba

PANAMA CITY, Panama — The most popular news source in the Panama of strongman Gen. Manuel Noriega has become *Radio Bemba*.

With independent and opposition newspapers closed and other media intimidated or censored, Panamanians have almost nowhere else to turn for their news.

Radio Bemba broadcasts in whispers, from lip (bemba) to ear, and elsewhere would be called gossip or the rumor mill.

That it is sometimes wrong and often exaggerated is not surprising. But as in all dictatorships, the grapevine quickly becomes one of the major means of communication, as it has since July 26 when Noriega, chief of staff of the Panamanian Defense Forces, closed *La Prensa*, *Extra* and *El Siglo*, the three newspapers not already under his control.

The closures have done little to calm the growing protests against him in the wake of charges by his former deputy of involvement in corruption, drug smuggling, murder and the fixing of the 1984 presidential elections.

I went to Panama for three days as part of a delegation from the Inter American Press Association (IAPA) in an attempt to get the newspapers reopened. Maybe it wasn't surprising that we got nowhere, but the IAPA's business is to defend closed newspapers and persecuted newsmen and eventually it usually succeeds.

The delegation, led by IAPA President Alejandro Miro Quesada, the publisher of *El Comercio* of Lima, Peru, asked to talk to both Noriega and Panamanian President Eric Delvalle. When we arrived, a message awaited that we would

TIMES FOREIGN EDITOR

**WILBUR G.
LANDREY**



Protests alone probably can't overthrow Noriega.

see the attorney general instead.

Considering, we politely declined. At his level, we would have only become entangled in the complexities of whatever legal excuses were used to order the closures. We weren't Panamanian lawyers, and we had gone to talk about the larger issue of press freedom. So instead, we talked to the publishers and editors of the banned newspapers and to foreign correspondents whom Noriega also has warned and harassed.

Winston Robles, for example, the associate editor of *La Prensa*, doesn't sleep at home nights as a precaution against nocturnal arrest. Across the street from the closed *La Prensa* plant, employees stand and wait daily. All of the closed newspapers wonder how much longer they can continue paying their staffs.

The ABC television crew here inspects its cars carefully now to see if more tires have been slashed. Other correspondents wonder if they also might be expelled as Reuter correspondent Tom Brown was July 31.

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And the popular protests against Noriega continue, led by an ad hoc National Civic Crusade of 1,066 professional, business, labor and student organizations.

Daily at noon and 6 p.m., a honking cavalcade of cars, drives slowly down Calle 50 (50th Street) in the financial district to the applause of bystanders waving white paper flags. Afterward, cleaning crews move into to clear away the masses of toilet paper bunting.

If this is a revolution of BMWs and Mercedes, there are also Fords and, it seemed, support from the pedestrians.

Protests alone probably can't overthrow Noriega as long as he has the high command of the 15,000-member Panamanian Defense Forces behind him. This is an institution, the former National Guard, that has its sticky fingers in many pies. Its first loyalty is to itself. Until it decides that Noriega is a liability, he is likely to stay.

But if he has succeeded in wrapping himself in the flag of the institution, he has not succeeded in wrapping himself in the flag of Panama as the late Gen. Omar Torrijos did before him. As the protests have grown, Noriega has raised the banner of Panamanian nationalism, charging the United States is trying to hang on to the Panama Canal, and welcoming the embrace of Nicaragua's Sandinista president, **Daniel Ortega** (who showed his own colors by rushing to embrace Noriega).

For the first time in recent Panamanian history, observers say, twisting the Yankee tail hasn't succeeded in deflecting attention from troubles at home.

The IAPA delegation never succeeded in seeing Noriega or even Delvalle, the civilian usually regarded as a figurehead.

After we left, however, Delvalle gave an interview to **Marjorie Miller** of the *Los Angeles Times* that may have been significant for what he dared to say.

He said he did not approve of closing the opposition newspapers. Last week's government raids on the Chamber of Commerce building were "completely unwarranted," he said, sounding like a man thinking of his own reputation and future. *Radio Bemba* reported Monday that he may be on his way out.



GEN. NORIEGA

... de facto leader. The U.S. State Department has been harsh in its condemnation of the crackdown on the press, but there are some doubts about the Defense Department. With 10,000 U.S. troops guarding the Panama Canal, the Pentagon usually has tended to prefer the known devil, Noriega, to the unknown who might succeed him.

Particularly agonizing is the situation of *La Prensa*, which last week observed its seventh anniversary. Owned by some 700 small shareholders, it has been Panama's first modern opposition newspaper. Without publishing, it can keep on paying its 170 employees only about another month.

Noriega will disappear later if not sooner. Some kind of free press will endure. And the IAPA visit to Panama may turn out to have been worthwhile.

(Mount Clipping in Space Below)

Tampa FBI targets Noriega

**Panama strong man
linked to drug dealing**

By RONALD J. OSTROW
of The Los Angeles Times

WASHINGTON — The FBI is investigating drug-trafficking allegations in Central Florida involving Panamanian strong man Gen. Manuel Antonio Noriega, the second investigation of Panama's defense chief by federal agents, government sources said Wednesday.

The inquiry, based on confidential informants in Tampa, is focusing on alleged incidents that date back several years, said the sources, who refused to be named.

In Miami, the Drug Enforcement Administration already is investigating allegations that Noriega helped launder drug profits and protect traffickers' shipments that moved through Panama en route to Miami. That investigation is collecting "every snippet they have on the guy, including accepting bribes for looking the other way on narcotics loads," said an official familiar with the DEA inquiry.

Tampa FBI spokesman Larry Curtin said he could not comment on the possible investigation being conducted by local agents.

A source familiar with the investigation said only that it was a separate case and "more preliminary."

The expanding drug inquiries into Noriega's activities are further straining relations between the United States and Panama and adding to the pressure on the Panamanian leader to step down. The State Department recently called for new elections and a return to full civilian rule in the country.

Adolfo Arrocha, charge d'affaires for Panama's embassy in Washington, said he knew nothing about the FBI's Tampa investigation. "While it is ongoing, what can I say? We will have to wait to see what comes of it — if anything," Arrocha said.

Noriega has denied participating in criminal activity.

A Department of Justice official said it is unclear whether the two probes eventually may be merged, but another source noted that Associate Attorney General Stephen S.

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FBI/DOJ

Trott found it necessary at a recent department meeting to "referee" investigative actions regarding Noriega by the FBI and DEA.

Some DEA officials, meanwhile, are known to have mixed feelings about their Noriega investigation, contending that he has provided crucial information to the drug agency about traffickers with whom he allegedly has fallen out.

"The DEA would rather live with Noriega, given the alternatives," explained one source familiar with the agency. "If someone doesn't give him the payoff he wants, he sics the DEA on them."

"DEA, especially those on the scene, believe there are more benefits than negatives from dealing with Noriega," one official said.

DEA agents in Miami had been "monitoring" Noriega's alleged drug-related activities for at least two years, one source said, but their work was not regarded as a full-scale investigation until a July 16 meeting at the Department of Justice.

At that meeting, presided over by Trott, it was decided to "pull together all we had on him to see if it was prosecutable," the source said. So far, investigators have indicated, no indictments are imminent.

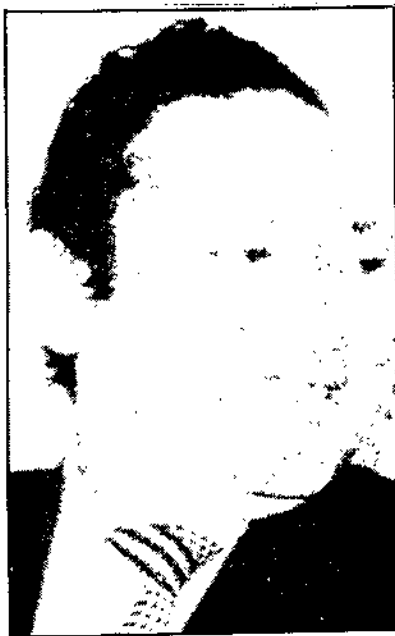
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Santiago Torrijos, Panama's consul general in Los Angeles, said that the account "is completely false and distorts the truth and cooperative nature of the relationship" between his country and the Department of Justice and the Drug Enforcement Administration.

"Because of political crisis and the late events our country is going through due to near elections, our commanding chief, General Manuel Noriega, is the focus of the opposition parties with the minority support of the U.S.A. political sector," Torrijos said in a letter to The Times.

"Our government has denounced Washington's administration for interfering in Panama's internal affairs and these false statements are a plot to prevent our country from taking full operational control of the Panama Canal in year 2000," Torrijos wrote.

The story reported that the Mi-



Gen. Manuel Antonio Noriega is Panama's defense chief.

ami investigators were probing an alleged conspiracy lasting several years in which Noriega provided protection to cocaine traffickers and money laundering operations in exchange for hefty payoffs.

Torrijos included a copy of a July 15, 1983, letter to then Col. Noriega from James L. Bramble, who was a special agent in charge of the DEA's Panama office, saying that information provided by Panama's law enforcement "has contributed greatly" to the U.S. prosecution of a significant drug figure, Ramon Milian-Rodriguez.

Milian-Rodriguez, a Cuban-American sentenced to 35 years on federal racketeering charges, has been a key witness in a congressional investigation that has focused on Noriega's activities. Milian-Rodriguez, who allegedly helped manage the finances of a major Colombian cocaine cartel, told a Senate subcommittee in private testimony last month that Noriega negotiated a commission of up to 1.5 percent on all money transfers by a major Colombian cocaine cartel through banks in Panama, sources familiar with the congressional investigation said.

While he is a key witness in the Senate inquiry, Milian-Rodriguez is not a major contributor to the current DEA or FBI investigations, an official familiar with both inquiries said.

One of the DEA's prime sources has come to the United States from a Central American country and, along with his family, is now under federal protection, sources said.

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Probe

• From Page 1A

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(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

Down and Dirty

Noriega strikes back

Once again, Panama's strongman, General Manuel Antonio Noriega, was on the counterattack last week, mainly on the propaganda front. His targets included not only the civilian opposition that has waged a two-month struggle to loosen his grip on power but also the U.S. embassy.

Noriega's major move was a police raid on the offices of the National Civic Crusade, the coalition of 107 community organizations that has staged daily street demonstrations in the capital. Plainclothes government agents burst into the Crusade offices in downtown Panama City and hauled off boxes of documents. Then, at a dramatic midnight news conference, Attorney General Carlos Villalaz announced that the papers outlined a plot to dissolve the 67-member legislature and hand over power to a civilian junta. Authorities issued arrest warrants for six Crusade leaders, accusing them of conspiracy to overthrow the government. The sextet went into hiding.

The government also announced that Colonel Roberto Diaz Herrera—who kicked off the cycle of protest on June 7 when he accused Noriega of corruption, electoral fraud and murder—had signed two depositions withdrawing his allegations. Diaz has been in jail since a Panamanian army raid on his house on July 27. Speculation was that Diaz signed the documents as the price for exile in Venezuela.

Then it was the turn of the U.S., which cut off all aid to the Noriega regime on July 22. In a bid to tie Washington directly to the alleged opposition conspiracy, the progovernment Panamanian newspaper *Critica* charged that U.S. Ambassador Arthur Davis had arrived at the Crusade offices around the time of the police raid. The U.S. embassy called the allegation a "lie."

In Washington, Secretary of State George Shultz declared that the freeze on aid to Panama would continue until the "emergence of civilian, democratic control." A bipartisan group of Senators that included conservative Jesse Helms and liberal Edward Kennedy announced they would sponsor legislation to continue the aid freeze indefinitely. In Miami, U.S. drug-enforcement agents began looking into new allegations that Noriega has taken payoffs from drug traffickers.

Late in the week tens of thousands of protesters, all clad in white, the color of the opposition, took to the streets of Panama City in the largest antigovernment rally since June. The demonstration was largely peaceful, and police left the protesters alone. For the time being, Noriega seemed to prefer propaganda ploys to outright repression.

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(Mount Clipping in Space Below)

Drug probe in Tampa may be tied to Noriega

By RONALD J. OSTROW
Los Angeles Times

WASHINGTON — The FBI is investigating drug-trafficking allegations in Central Florida involving Gen. Manuel A. Noriega, Panama's military chief and de facto leader, government sources said Wednesday.

The inquiry, the second such investigation of Noriega, is based on confidential informants in Tampa and is focusing on alleged incidents that date back several years, said the sources, who refused to be named.



NORIEGA

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Details were not available on the allegations being investigated by FBI agents in Tampa. A source familiar with the investigation said only that it was a separate case and "more preliminary."

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Panama from 1-A

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Memorandum



To : SAC, TAMPA (245B-148-Sub31-A) Date 8/19/87

From : SA

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Subject : SANDSHARK;
MANUEL ANTONIO NORIEGA,
OCDETF CASE
OO: TAMPA

The attached newspaper clippings re captioned subject
were furnished by AUSA MARK JACKOWSKY on 8/19/87.

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12B-997 Sub A-8
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AUG 17 1987

By CHRISTINE EVANS
And EMILIA ASKARI
Herald Staff Writers

Hundreds of people — judges, jurors, attorneys, criminals and others — were stranded outside the Broward County Courthouse on Monday as a tiff over tight security forced an angry judge to close the building at its busiest hour and prompted another judge to remove Sheriff Nick Navarro and his deputies from courthouse patrol.

"We can't have the havoc that we had here today," said Circuit Judge Arthur Franza, appointed acting chief

judge to help sort out the mess. "We can't have the impediment of the orderly administration of justice. ... Sheriff, we don't want you or your deputies. You are more danger than no security at all."

Franza instead ordered Fort Lauderdale police to begin patrolling the courthouse at 7 a.m. today, displacing the 10 armed sheriff's deputies charged with checking the 10-story building for security leaks. Fort Lauderdale agreed, but sheriff's officials said they planned to show up anyway — leaving today's plans for making the courthouse safe in

decided dispute.

Broward Chief Judge Miette Burnstein had ordered upgraded security — the tightest in 15 years — at the building, 201 SE Sixth St., after last week's Gulf County Courthouse shooting left a judge and two others dead.

But the lines outside the Broward courthouse were so long Monday — deputies ran hand-held metal detectors over each would-be entrant — that Burnstein ordered the place shut. She was afraid people would faint from the heat. Two did.

What followed was a day of political

haranguing in which Burnstein blamed Navarro for blocking movement at the courthouse doors and the sheriff blamed the chief judge for an unreasonable security request that robbed him of deputies needed on the street.

"Closing down the courthouse is a travesty," Navarro said. "I apologize to the citizens of Broward County but I am operating under a court order."

"I don't like to dignify today by calling it 'security,'" Burnstein countered. "It was pure and simple harass-

Please turn to COURT / 6A

Dade Judge Cowart dies of heart attack

By ARNOLD MARKOWITZ
And JAY DUCASSI
Herald Staff Writers

Edward Douglas Cowart, a jowly judge whose folksy courtroom style thinly masked a razor-edge legal mind and a hard gavel, has died of a massive heart attack. The life of one of the best-liked and most respected figures in Florida law ended at midnight Sunday in a southwest Dade hospital.

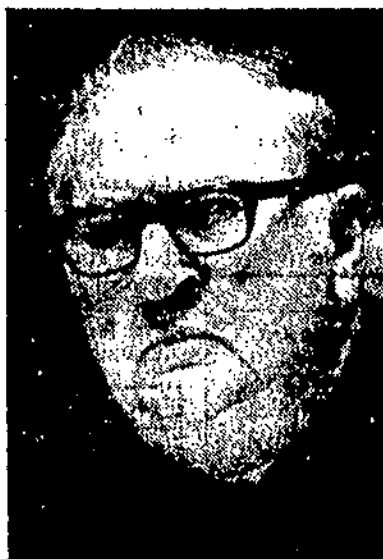
Cowart, administrative judge of the criminal division of Dade Circuit Court, was 62. A hefty man all his adult life, he had no

publicly known history of heart disease.

In his varied career, Cowart was a city of Miami traffic cop; an assistant attorney general; a justice of the peace, prosecutor and judge of the South Miami municipal court; prosecutor for a statewide grand jury; chief assistant state attorney; associate dean of the National Judicial College; and a Circuit Court judge twice.

Bill Maltz, Cowart's bailiff and longtime hunting partner, said Cowart's wife, Elizabeth, called

Please turn to COWART / 6A



Judge Edward Cowart:
Presided in Bundy trial.

Miami jury probes Noriega drug link

By RONALD J. OSTROW and DOYLE McMANUS
Los Angeles Times Service

WASHINGTON — Panamanian strongman Gen. Manuel Antonio Noriega is the focus of a major federal drug conspiracy investigation based on testimony he provided protection to Colombia's cocaine trafficking cartel and money laundering operations in return for hefty payoffs, federal law enforcement sources said Monday.

The probe by a federal grand jury in Miami is being pursued despite a split within the Reagan administration about whether to press for Noriega's ouster, with CIA and Pentagon officials reportedly maintaining that the fall of the Panamanian defense chief could endanger U.S. military bases in Panama.

"The State Department has abandoned Noriega.

Please turn to NORIEGA / 3A

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Miami Herald

Noriega link to cocaine probed

NORIEGA / from 1A

and so has the National Security Council," a Senate source said. "But the Pentagon and the CIA believe we have more important interests in Panama than fostering democracy and cutting off the drug traffic," referring to concerns that a new regime might evict U.S. military forces stationed in the country.

Investigators charge that Noriega has been skimming as much as 1.5 percent of the value of drug shipments and drug-related money transfers passing through Panama for several years. They say that attempts by Noriega to increase his percentage prompted people to go to Drug Enforcement Administration agents.

Officials who refused to be identified said that while the investigation may not lead to an indictment, it almost certainly would cause further strain to the United States' increasingly tense relations with Noriega's regime.

Officials also said the investigation could intensify pressures inside and outside Panama to reduce corruption and the flourishing drug trade there.

Two sources familiar with a congressional investigation of narcotics in Latin America said that several witnesses have directly implicated Noriega.

The chief witness, Ramon Milian-Rodriguez, told a Senate subcommittee in private testimony last month that Noriega negotiated a commission of up to 1.5 percent on all money transfers by the Colombian cartel through banks in Panama, the sources said.

Milian-Rodriguez, a Cuban-American who allegedly helped manage the cartel's finances and who is now serving a 35-years for racketeering, testified under oath that he negotiated the commission arrangement with Noriega in 1979, they said.

Milian-Rodriguez, arrested in Fort Lauderdale in 1983, said that the Colombian traffickers have moved as much as \$200 million a month through Panamanian banks — all subject to Noriega's commission, the sources said.

According to Milian-Rodriguez, Noriega offered government protection for the trafficker's money

laundering and for cocaine-processing plants in Panama in exchange for commissions.

In 1983, Milian-Rodriguez reportedly testified, Noriega began pressing the Colombians to increase his commission on money laundering transactions to 3 percent, the sources said. It was not clear whether the payments to Noriega were increased that steeply, they said.

Last year, Noriega, commander of the Panama Defense Forces, the nation's sole military and police organization, contended that U.S. press reports linking him to drug trafficking were part of a "dirty war" to prevent his country from taking over the Panama Canal in the year 2000 as scheduled.

U.S. officials have said that such allegations would have no effect on the canal transfer.

The congressional investigation is being conducted by the Senate Foreign Relations subcommittee on terrorism and narcotics.

Disclosure that Noriega is the target of the investigation comes only two months after Attorney General Edwin Meese III and other Justice Department officials praised Panamanian law enforcement officials for seizing millions of dollars of drug profits deposited in Panama banks by major Colombian drug traffickers.

"When Meese talks about the cooperation he's gotten from Panama, it's basically busting the Colombian cartel's competitors," a source said.

The Senate passed a resolution of disapproval earlier this year against the administration's certification that Panama was making good faith efforts to halt drug traffic. Such certification is a step in the release of U.S. foreign aid funds to countries with a history of drug trafficking.

The Colombian cartel allegedly linked to Noriega is run by drug kingpins Jorge Ochoa and Pablo Escobar, and is suspected of supplying up to 75 percent of the cocaine sold in the U.S.

Last month, when a former deputy chief of staff accused Noriega of corruption, election fraud and complicity in a political assassination, demonstrations broke out across Panama.

Noriega later arrested the former deputy, Col. Roberto Diaz Herrera. The government released a deposition Monday in which Diaz Herrera retracted his charges while under detention. His attorney, Alvin Weeden, later said the statement was made under duress.



Noriega

Provincial vote a setback for Alfonsin

From Herald Wire Services

SAN JUAN, Argentina — President Raul Alfonsin's ruling party suffered a defeat in the first elections of 1987 when the Bloquista Party was re-elected to govern in San Juan province, official tallies showed Monday.

The center-right Bloquistas led by Gov.-elect Carlos Gomez Centurion based their campaign primarily on the crisis in the wine industry, which employs thousands in the province 720 miles west of Buenos Aires.

Another Bloquista, Eduardo Bazan Agras, was elected mayor of San Juan city.

Storm destroys buildings in Cuba

News Briefs

ister Humberto Ortega announced over the weekend that the Sandinista government is proceeding with plans to acquire MiGs, asserting that the Soviet bloc aircraft are needed to combat resupply flights of the U.S.-backed rebels.

• IN CIUDAD JUAREZ, Mexico, an alleged hit man and his son died within half an hour of each other Sunday in separate shoot-outs with a special police task force, authorities said. Dario Ibarra, 54, had served time for killing a police officer and was known as a professional killer, police said.

Indalecio Ibarra, 27, who opened fire on police with a submachine gun after his father's shooting, was a suspect in at least seven armed robberies, police said.

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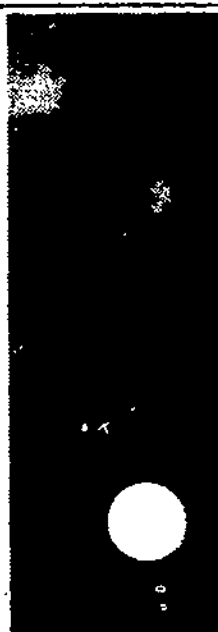
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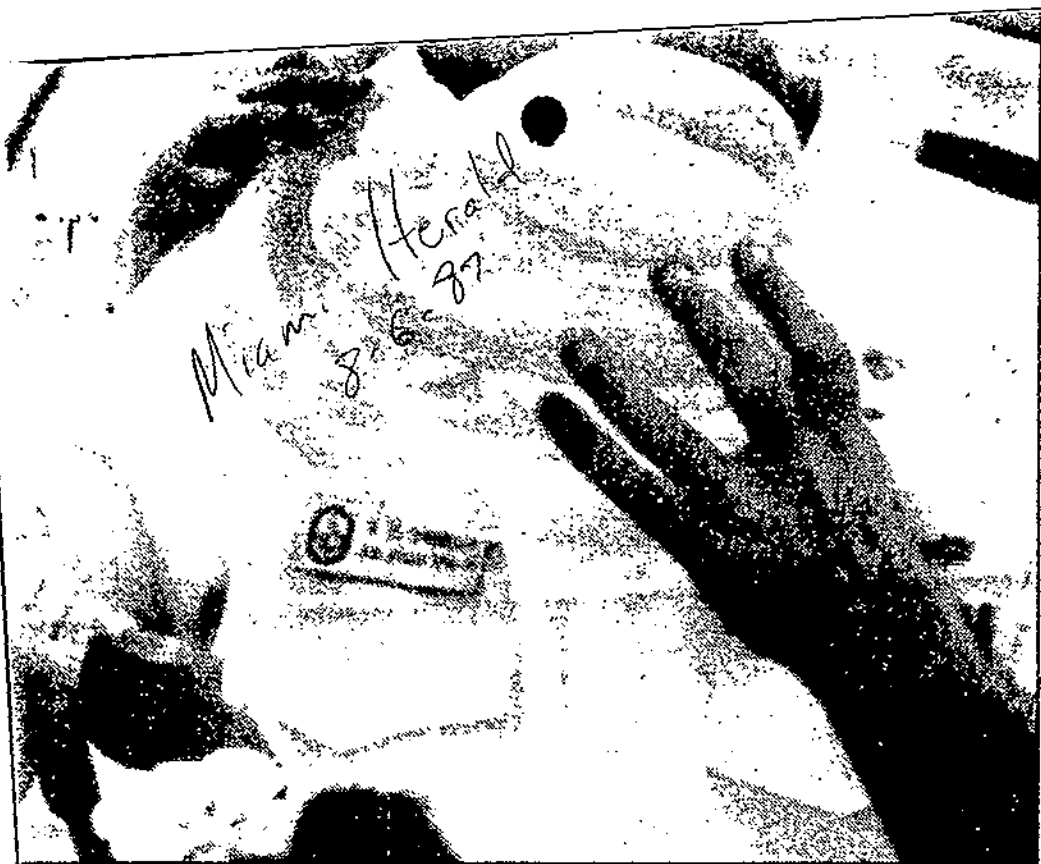


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Associated Press

ons from his daughter; she clutches his gift of a red rose.

suspend any immediate attempt to seek new military aid for the Nicaraguan contras.

Key Democratic leaders in Congress said they support a "good-faith" diplomatic effort to bring peace to Central America but have made no commitments to support military aid to the rebels if the effort fails.

Secretary of State George Shultz, who accompanied Reagan to the White House briefing room to make the announcement, said there was no assurance that Nicaragua would accept the U.S. terms. Moreover, opposition con-

Please turn to INITIATIVE / 15A

Foes' arrest is ordered by Panama

PANAMA — (UPI) — The government Wednesday ordered the arrest of five opposition leaders, including Chamber of Commerce President Aurelio Barria, accusing them of plotting to overthrow the military-backed regime.

The arrest orders, issued by the attorney general's office, followed a raid Tuesday by government agents on opposition headquarters at the Panamanian Chamber of Commerce.

Attorney General Carlos Villalaz said that documents seized during the raid reflected a plot by the Civic Crusade opposition movement to overthrow the government.

The Civic Crusade has led nearly two months of anti-government demonstrations demanding the removal of military strongman Gen. Manuel Antonio Noriega, who has been accused of corruption, having a political foe murdered and other illegal activities.

The raid and arrest orders came shortly before the opposition

Man brandishing gun killed at Pentagon

WASHINGTON — (AP) — A man was fatally shot Wednesday after he brandished a handgun and dashed past two security guards into the Pentagon building, authorities said. The FBI identified him as Dwain Wallace, 30, of Youngstown, Ohio.

The shooting occurred one floor below and directly beneath the offices of Defense Secretary Caspar Weinberger, who was meeting with Secretary of State George Shultz and Lt. Gen. Colin Powell, chief deputy to White House

national security adviser Frank Carlucci, said Col. Marvin Braman, a Pentagon spokesman.

Braman said Weinberger, Shultz and Powell heard the shots. Pentagon officials said there was no evidence that Wallace was attempting to reach Weinberger.

William Caldwell, another Pentagon spokesman, and Susanne Murphy, a spokeswoman for the General Services Administration, said Wallace was shot and mortal-

Please turn to SHOOTING / 12A

Please turn to PANAMA / 15A

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terials from the rest, the researchers said.

Earlier this summer, researchers at Berkeley announced that they achieved superconductivity at 60 degrees Fahrenheit, but they could

not repeat the experiment or isolate the superconductive properties.

"Other researchers have seen tantalizing hints of superconductivity at these temperatures, but

they haven't been able to repeat and sustain it," Colorado State mechanical engineering Professor Walajabad Sampath said in a

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The Miami Herald
Thursday, August 6, 1987

Around the Americas

15



Federal prosecutor Mario Ballesteros is punched by unidentified assailant Tuesday; he was not injured.

United Press International / Reuters

Panama orders arrest of five foes after raid on opposition's offices

PANAMA / from 1A

planned to hold its largest protest rally in three weeks. The rally is scheduled for today.

Villalaz said that state-security police were asked to arrest five Civic Crusade leaders, including Barria. He did not know if the arrest orders had been carried out.

Hundreds of angry protesters taunted government agents with shouts of "murderer" and "justice" as officials raided the Chamber of Commerce offices and carted away boxes of documents Tuesday night. The protesters gathered in a driving rain to jeer and throw rocks at the government agents.

At a late-night news conference, Barria said the raid "was another measure by the government to intimidate, scare and pressure businessmen. But with the abuses and errors of the government, the indignation, the reaction [against Noriega] grows."

He indicated that the government appeared to be trying to discourage businessmen from staging a general strike.

Officials of the attorney general's office, accompanied by armed plainclothes security agents, searched through files at crusade headquarters and confiscated papers they said threatened national security.

Federal prosecutor Mario Ballesteros said after the raid that he was carrying out a legal order to search for "flyers posing a threat to state security" that had been printed and distributed by the organization. He said the flyers had been found and confiscated but declined to describe them.

Supporters of the Civic Crusade, a coalition of more than 100 professional and business groups demanding the ouster of Noriega, surrounded Ballesteros and his aides as they walked back to their offices after the raid. A rock struck Ballesteros.

Workers said the agents detained about 40 people, including more than a dozen students, inside the building during the three-hour search.

Ballesteros said agents raided a second business organization, the Panamanian Association of Executives, but confiscated no documents.

Rafael Zuniga, executive director of the Chamber of Commerce, said agents confiscated the organization's stationery, minutes of meetings, lists of the names and telephone numbers of members and of foreign journalists, along with written statements filed by relatives of people arrested during recent anti-government demonstrations.

After the raid, leaders of the National Civic Crusade led the crowd in an impromptu rally.

U.S. would stop contra aid under cease-fire plan

INITIATIVE / from 1A

tra leaders said they welcomed the plan but were not willing yet to say they accepted it entirely, indicating that they had some reservations.

The plan calls for an immediate, verifiable cease-fire, followed by the suspension of U.S. military aid to the contras and Soviet bloc military aid to the Sandinista government.

Within 60 days, Nicaragua would have to restore civil liberties, establish an electoral commission and set a timetable and procedures for free elections.

The plan was announced by Reagan and Shultz after an hour-long meeting of the president and congressional leaders, including the Democratic speaker of the House, Jim Wright of Texas, who was the key architect of the plan.

Senate Minority Leader Robert Dole said Reagan intends to press ahead with the contra aid if the peace effort fails. And if the diplomatic effort fails in the face of Sandinista intransigence "it would strengthen [Reagan's] position," Dole said.

"There's no way that a cease-fire can be agreed upon by people who are not directly involved in the conflict," said Pedro Joaquin Chamorro, a contra leader who followed Reagan and Shultz in the briefing room.

The ruling Sandinistas have steadfastly rejected including the contras in any negotiations, and the administration plan does not specify whether the contras would be directly included.

In Guatemala City, a Nicaraguan official said the United States should first cease its support of the contras before any other steps are taken.

"The administration cannot have its cake and eat it, too," Alejandro Bendaña of the Nicaraguan Foreign Ministry said in an interview with NBC News. "We must stop the killing of people, that's the first point, and then let's have negotiations, not the other way around."

Bendaña charged that Reagan is trying to create the illusion that he is willing to make peace.

The Nicaraguan was in Guatemala City for a summit that opens today of Central American heads

of state that will consider a plan put forth by Costa Rican President Oscar Arias. Arias' plan in general calls for a regional cease-fire.

At the White House briefing, Shultz said: "What is being put forward here is reasonable, sensible; it's been discussed a great deal among people here with many different points of view."

He insisted that the administration's intentions were honorable.

At the Capitol, Senate Majority Leader Robert Byrd, D-W.Va., who attended the morning meeting with Reagan, said some Democrats "support the effort but not the document."

He said he and others object to a

Sept. 30 deadline, which he noted is also the date that military aid to the contras ends. He called that deadline arbitrary and "unrealistic."

Byrd said there is general agreement among Democrats that there should be "no quid pro quo ... between the plan and contra aid."

He also said he cannot support the specific administration proposal because some sections are vague and open to varying interpretations. But, he said, "we are united behind a good-faith effort to bring peace to Central America."

Reagan said the U.S. offer would be presented to the summit of Central American nations —

including Nicaragua — in Guatemala.

"I am pleased to announce that there is a general agreement among us to go forward with a renewed diplomatic initiative ... along the lines of the peace plan prepared in cooperation with the speaker and the joint congressional leadership," Reagan said.

He left the briefing room without answering questions, leaving Shultz behind to talk with reporters.

Shultz said the key ingredient of the agreement involved Nicaragua's acceptance of a cease-fire "on terms acceptable to the parties

involved," including the contras.

Shultz said contra leaders, who met with Reagan earlier in the day, had endorsed the plan.

Wright acknowledged there was some skepticism on Capitol Hill about Reagan's motives.

"There is some feeling and has been from the beginning that the administration would not be sincere in efforts to promote peace and would simply go through the motions and hope and expect to achieve failure, thereby gaining an excuse by which to give further aid to the contras."

"I have received assurances that that is not the case," Wright said.

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8/5/87

U.S. Investigating Reports Of Drug Crimes by Noriega

By PHILIP SHENON

Special to The New York Times

WASHINGTON, Aug. 4 — The Justice Department is investigating Panama's military leader on suspicion of involvement in money laundering and other drug-related crimes, according to a Federal law enforcement official with knowledge of the inquiry.

The official said a Federal grand jury in Miami was overseeing the investigation, which he said had turned up "large amounts of evidence" to back up the allegations against the Panamanian leader, Gen. Manuel Antonio Noriega.

The grand jury's investigation, which was disclosed today in The Los Angeles Times, is focusing on charges that General Noriega has been skimming off a portion of the proceeds from illicit drug shipments through Panama, the official said.

The investigation is expected to further strain relations between the United States and General Noriega, who is, in effect, the leader of Panama. The general has blamed the United States for violent demonstrations in recent weeks by opponents of his regime.

No Comment on Charges

The Panamanian Embassy in Washington had no comment today on the charges against General Noriega. In the past, the general and his military colleagues have denied reports of wrongdoing.

The Federal law enforcement official said the grand jury, working in conjunction with the Drug Enforcement Administration, was still far from deciding whether to start criminal procedures against the general.

There is insufficient evidence now to consider an indictment, the official said. He noted that even if indicted, General Noriega would almost certainly refuse to be extradited and tried in the United States.

American intelligence agencies have gathered extensive evidence indicating that General Noriega maintains tight control of drug and money-laundering activities by his associates in Panama's military.

Reagan Administration officials say the United States has intelligence showing that in the early 1980's, General Noriega held a major financial interest in an opium-processing plan that was discovered, according to a Congressional committee, in operation along the Panamanian-Colombian border.



Gen. Manuel Antonio Noriega

Officials said last year that there was also evidence tying General Noriega and members of Panama's military to financial involvement in a small airline charter company that flies weekly, money-laundering missions in and out of the United States.

The Federal law enforcement official said the Miami grand jury was considering evidence that General Noriega demanded as much as 1.5 percent of the proceeds from drug shipments through Panama, which is a major transshipment point for illicit drugs being transferred from Latin America to the United States.

The payoffs, the official said, would represent millions of dollars each year. According to the official, the payments are, in effect, protection money for the drug traffickers, who are permitted to go about their business without police interference.

The Panamanian Government has been shaken in recent weeks by street violence after statements by a retired colonel that General Noriega was involved in corruption.

In what he said was a fit of conscience, the colonel, Roberto Díaz Herrera, General Noriega's former deputy, accused the general and others of political assassinations and election fraud.

PANAMA, From A1

Denton said the sponsors were not involved in writing, conducting or tabulating the 40-question interviews.

Polls that CID conducted in recent years in Central America have proved reliable. For example, Denton correctly predicted within a percentage point that the Christian Democrats led by President Jose Napoleon Duarte would win a majority in the 1985 National Assembly elections in El Salvador, when most other observers were reporting that the party's popularity had plunged.

Denton, who has conducted polls for the U.S. Embassy in El Salvador, said yesterday, "The U.S. Embassy in Panama was not involved and hasn't yet seen the results."

Some results:

■ Fifty-nine percent of those polled said President Eric Arturo Delvalle should also step down if Noriega resigns. Sixty-four percent responded that the government is functioning poorly or very poorly.

■ Seventy-nine percent said Noriega makes the government's decisions, while only 8 percent saw Delvalle as making them. Delvalle was put in power by Noriega in 1985. In an interview yesterday with the Los Angeles Times, Delvalle distanced himself from Noriega by criticizing recent harsh police measures against opposition media and business groups and

"If Denton conducted his poll in areas outside the cities, the result would be totally different in favor of the general."

— Spokesman Maj. Edgardo Lopez

comparing Panama to the last days of the Nicaraguan dictatorship of Anastasio Somoza.

■ Fifty-four percent said the National Assembly, which is dominated by members of the Democratic Revolutionary Party, the official armed forces party, should also resign to pave the way for new elections.

Most Panamanians Want Strongman To Quit, Poll Says

75 Percent Oppose Noriega

By Julia Preston
Washington Post Foreign Service

PANAMA CITY, Aug. 8—A Gallup poll released today found that 75 percent of city-dwelling Panamanians want military strongman Gen. Manuel Antonio Noriega to resign from his post.

Only 13 percent of 638 Panamanians polled Aug. 1 to 4 in Panama City and Colon, the nation's second-largest city, said Noriega should remain as Panamanian Defense Forces commander-in-chief, the military's highest job.

The poll was conducted by a Costa Rica-based firm, CID, the Gallup International affiliate for Central America and Panama, whose general manager is Carlos Denton. It is the first independent sounding of public views in this country since anti-Noriega protests erupted two months ago.

The survey appeared to reveal even wider rejection of the general, Panama's de facto ruler since 1983, than had been evident from recent street demonstrations.

On Thursday, a hastily summoned opposition rally snowballed during the day to draw tens of thousands of demonstrators. But a progovernment march the previous week, in honor of the late nationalist ruler general Omar Torrijos, drew a similarly large crowd, although it included thousands of government employees.

"No poll, no matter how prestigious the firm, could accurately reflect what those same 600 or so Panamanians will think 72 hours from now," said Noriega's spokesman, Maj. Edgardo Lopez.

"The dynamic of the situation is constantly changing. And if Denton conducted his poll in areas outside the cities, the result would be totally different in favor of the general."

Denton said in an interview that the \$16,000 poll was paid for by about a dozen wealthy private businessmen who wished to remain anonymous.

"They believe if they are identified they may be forced to leave Panama," Denton said. He noted that internationally recognized ethics governing political polling normally require that the sponsor's identity be made public.

A businessman familiar with the executives who ordered the survey said they are opponents of Noriega who saw the poll as one way to fight back against a press blackout that the government imposed on them by shutting all opposition radios, newspapers and weeklies.

The results of the survey are not likely to be publicized in the Noriega-controlled media, but the poll's sponsors were said to be confident that the results would be circulated in Panama by word of mouth.

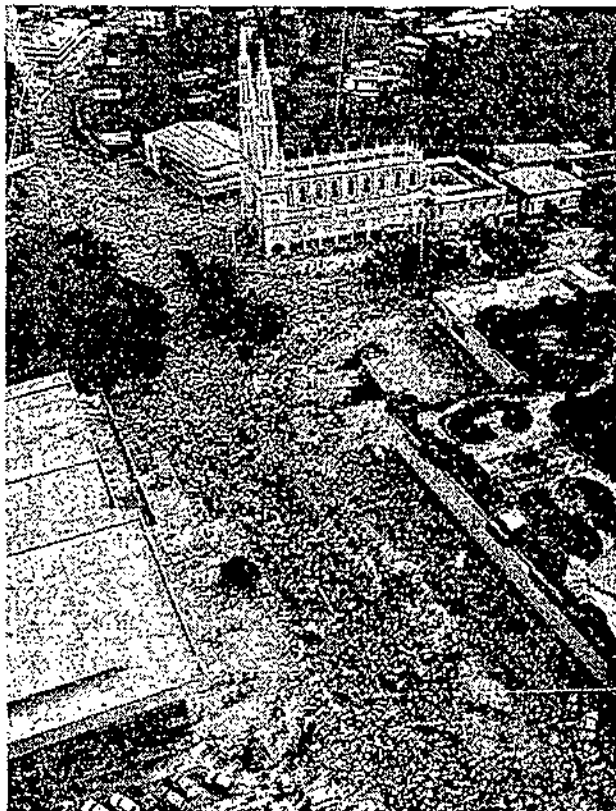
See PANAMA, A21, Col. 1

■ Seventy-seven percent said the 1984 election, the last nationwide vote, was fraudulent. The current crisis was sparked when Noriega's second-in-command, Col. Roberto Diaz Herrera, was fired in June and publicly accused Noriega of rigging the elections, along with allegations of the general's involvement in murder and corruption.

■ Forty-five percent saw it as unlikely that Washington will live up to the 1977 Panama Canal Treaties.

■ Only 1 percent believed that U.S. aid to Panama should be used to train the armed forces. The \$26 million in U.S. military and economic aid to Panama for this year has been frozen since mid-July.

The poll was conducted in person and by phone among adults in Panama City, the city of Colon on the Atlantic Ocean side of the isthmus and suburbs in between. About three-fifths of the population of 2.5 million live in the area. The poll had a 4-point margin of error.



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Left, thousands gather at antigovernment rally in Panama City Thursday; right, effigy of military strongman Gen. Manuel Antonio Noriega is set ablaze Friday.



Ricardo Arias Calderón, head of the Christian Democratic Party, taking part in an anti-government rally in Panama City. Thousands took part, on foot and in cars, honking horns and waving handkerchiefs.

Reporter's Notebook: Panama Press

by STEPHEN KINZER

Special to the New York Times

PANAMA, Aug. 3 — In its campaign to break the momentum built up by eight weeks of protest rallies and demonstrations, the Government has found press censorship one of its most potent weapons.

Last week, the country's three opposition newspapers were ordered closed for an unspecified period while charges of sedition against them were investigated. It was the second time they had been silenced in as many months.

All anti-government radio programs have also been halted. Television news remains under indirect Government control.

Because of these restrictions on news reporting, Panamanians must rely on each other to keep abreast of developments, often falling prey to rumormongers. Opposition leaders circulate mimeographed instructions to their followers and communicate through telephone networks.

The military leader, Gen. Manuel Antonio Noriega, has indicated that he is angry not only at the local press, but also at reporters from abroad, whom he described as "a plague."

"Respect Panama," the general advised foreign correspondents who sought unsuccessfully to question him about political matters following a public ceremony Friday. "Respect Panamanian laws."

The threats are not idle. A veteran Reuters correspondent, Tom Brown, was expelled from Panama last week, and the government accused other news agencies of taking part in a "disinformation campaign" aimed at undermining the Noriega-backed regime.

Anti-government sentiment appears to cut across the lines of race and class, and it often erupts at unexpected moments.

On Friday night, several thousand raucous boxing fans filled an arena in the capital to watch one of their countrymen, Francisco (Rocky) Fernán-



Tom Brown, a correspondent for the Reuters news agency, leaving Panama Sunday after he was expelled by the Government.

dez, try to win the junior lightweight championship from a South African fighter, Brian Mitchell. Suddenly, before the fight began, a handful of fans in the cheaper seats stood up and began waving white handkerchiefs, which have become a protest symbol.

Within seconds, the entire arena was a sea of white and people began to chant "Justice! Justice!" That is the slogan adopted by those pressing for an impartial investigation into the 1985 murder of anti-military activist Dr. Hugo Spadafora.

Policemen watched quietly, and the chanting faded at the opening of the fight, which the local hero lost.

Mourners filled a church in the Santa María section of the capital Thursday for a funeral mass for the only protester known to have been killed by the police during the eight weeks of upheaval that have shaken Panama. The victim, Eduardo Enrique Carrera, was killed by a pistol shot in the abdomen during a nighttime confrontation with police at El Valle de Ancón, 80 miles west of the capital.

The official account of the killing reported that Mr. Carrera and other protesters attacked the police, but relatives of the victims said the shooting occurred after one member of the group yelled "Down with the Pineapple!" General Noriega's enemies call him "pineapple" because of his heavily pock-marked face.

Mr. Carrera, 24 years old, was a university student who worked at a shoe store while studying business administration. After he was killed, the authorities ordered the university campus shut, apparently to prevent protests. It reopened today after being shut for a week.

"Eduardo was a young idealist, but he wasn't part of any political group," said his sister Patricia. "He had been arrested once for protesting. Like the rest of us, he just wasn't in agreement with this kind of Government."

Human rights campaigners in Panama find their work deeply frustrating because they are able only to collect information about abuses, not to act on it.

"There is no justice system here at all," said Otilia de Koster, coordinator of the year-old Human Rights and Legal Aid Investigation Center. "From the Supreme Court to the lowest tribunal, everything is controlled by the armed forces. You can have all the lawyers in the world, but it doesn't matter because in political cases, there are no rules."

The most prominent human rights advocate in Panama is Osvaldo Velásquez, a graying ophthalmologist who, in addition to his work in Panama, is a leading member of International Physicians for the Prevention of Nuclear War, the group which won the Nobel Peace Prize in 1985. In an interview this week, Dr. Velásquez said that military control over the executive, legislative and judicial branches of government "is what makes all the other human rights violations possible."

"Lately I have been giving talks at the university, and I am distressed to find the students talking about violence as a way to get rid of the regime," Dr. Velásquez said. "I do my best to steer them away from that, but they say rebellion is the only way out because all other avenues are closed to them. I fear that Panama is getting to where El Salvador was five years ago."

Many Panamanian human rights advocates believe that the United States is largely to blame for allowing military rule in Panama to continue for 19 years. "The role of past American ambassadors in propping up this regime and covering up its abuses is absolutely shameful," Dr. Velásquez said.

Correction

Because of a mechanical error, sections of two articles in some copies of Business Day yesterday were interspersed. One article was about the bidding for a Federal telephone contract, and the other about an economic report by purchasing managers. Readers wishing corrected copies of the articles may write to Production Quality Control, The New York Times, 225 West 43d Street, New York, N.Y. 10036.

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Sources: U.S. drug probe targets Panama's leader

By RONALD J. OSTROW
and DOYLE McMANUS
Los Angeles Times

WASHINGTON — Panamanian strongman Manuel Antonio Noriega is the focus of a major federal drug conspiracy investigation, and is suspected of providing protection to cocaine trafficking and money laundering operations in return for hefty payoffs, federal law enforcement sources said Monday.

The probe by a federal grand jury in Miami is being pursued despite a split within the Reagan administration about whether to press for Gen. Noriega's ouster. CIA and Pentagon officials are reportedly maintaining that the fall of the Panamanian defense chief could endanger U.S. military bases in Panama.

Investigators charge that Noriega allegedly has been skimming as much as 1.5 percent of the value of drug shipments and drug-related money transfers passing through Panama for several years. They say that attempts by Noriega to increase his percentage prompted people with knowledge of the scheme to come to U.S. authorities and contribute to the case being built by Drug Enforcement Administration (DEA) agents.

One law-enforcement source familiar with the matter rated as "very strong" the evidence gathered so far, but acknowledged that there are problems in corroborating some details provided by single sources. Another official, also close to the investigation, said "don't hold your breath," when asked if an indictment was imminent.

Officials who refused to be identified by name or agency said that the investigation



Investigators say Noriega is the focus of a federal drug investigation.

almost certainly would cause further strain to the United States' increasingly tense relations with Noriega's regime. After widespread demonstrations against the military chief, the State Department has called for new elections and a return to civilian rule in Panama.

While the officials conceded that there was little possibility that Panama would agree to extradite Noriega to face federal charges in Florida, where much of the cocaine allegedly entered this country, they said that allegations formally returned by a grand jury could intensify pressures inside and outside Panama to reduce corruption and the flourishing drug trade there.

Two sources familiar with a congressional investigation of narcotics in Latin America said that several witnesses have directly implicated Noriega in money laundering and drug protection schemes.

The chief witness, Ramon Milian-Rodriguez, told a Senate subcommittee in private testimony last month that Noriega negotiated a commission of up to 1.5 percent on all money transfers by a major Colombia cocaine cartel through banks in Panama, the sources said.

Milian-Rodriguez, a Cuban-American who allegedly helped manage the Colombian cartel's finances and who is now serving a 35-year sentence on a federal racketeering conviction, testified under oath that he personally had negotiated the commission arrangement with Noriega in 1979, they said.

Milian-Rodriguez said that the Colombian

Please see **PANAMA** 4-A

Panama from 1-A

traffickers have moved as much as \$200-million a month through Panamanian banks — all subject to Noriega's commission, the sources said.

Under Milian-Rodriguez's account of the deal, Noriega offered government protection for the trafficker's money laundering and for cocaine-processing plants in Panama in exchange for commissions on both operations, the sources said.

In 1983, Milian-Rodriguez reportedly testified, Noriega began pressing the Colombians to increase his commission on money laundering transactions to 3 percent, the sources said. It was not clear whether the payments to Noriega were increased that steeply, they said.

Earlier, Noriega, commander of the Panama Defense Forces, the country's sole military and police organization, contended that U.S. press reports linking him to drug trafficking were part of a "dirty war" to prevent his country from taking over the Panama Canal in the year 2000 as scheduled.

U.S. officials have said that

such allegations would have no effect on the canal transfer.

The congressional investigation is being conducted by the Senate Foreign Relations subcommittee on terrorism and narcotics, chaired by Sen. John F. Kerry, D-Mass.

In an unusual political alliance, the liberal Kerry has teamed up with arch-conservative Sen. Jesse Helms, R-N.C., to press the congressional investigation of Noriega and other Latin American officials suspected of involvement in drug trafficking.

Disclosure that Noriega is the target of a federal drug conspiracy investigation comes only two months after Attorney General Edwin Meese and other Justice Department officials praised Panamanian law-enforcement officials for seizing millions of dollars of drug profits deposited in Panama banks by major Colombian drug traffickers.

"When Meese talks about the cooperation he's gotten from Panama, it's basically busting the Colombian cartel's competitors," a source familiar with the Senate investigation said.

The Colombian cartel allegedly linked to Noriega is run by drug

kingpins Jorge Ochoa and Pablo Escobar, and is suspected of supplying as much as 75 percent of the cocaine sold in the United States.

Milian-Rodriguez told the Senate panel that the cartel owns majority interests in seven banks in Panama, the sources said.

Senate sources said that Noriega has no State Department and little Justice Department support, but is still backed by the Pentagon and CIA.

"The State Department has abandoned Noriega, and so has the National Security Council," a Senate source said. "But the Pentagon and the CIA believe we have more important interests in Panama than fostering democracy and cutting off the drug traffic," referring to concerns that a new regime might evict U.S. military forces stationed in the country.

Diaz Herrera recounts retraction of charges

United Press International

PANAMA CITY, Panama — A retired military officer's retraction of accusations against military strongman Gen. Manuel Antonio Noriega was made under duress

and is not valid, his attorney said Monday.

Retired Col. Roberto Diaz Herrera in June accused Noriega of corruption and complicity in the murder of a political opponent. A statement in which he allegedly retracted the accusations was released Sunday.

"He evidently had to make those statements," Diaz Herrera's attorney, Alvin Weeden, said of a signed statement in which the accusations were withdrawn.

"Declarations of this nature have no validity," Weeden said in a telephone interview.

Officials released copies of a statement purportedly made by Diaz Herrera before a prosecutor following his violent arrest by government troops who, using tear gas and automatic weapons, stormed his suburban home July 27.

The statement, given before a state prosecutor at 11 p.m. the day of his arrest, says the claims about electoral fraud "were inspired by statements from opposition political parties."

Previously, in meetings with reporters, Diaz Herrera had said he himself participated in the electoral fraud.

The statement goes on to say his accusation that Noriega ordered the 1985 decapitation murder of political enemy Hugo Spadafora was based on charges by Spadafora's family.

"I cannot corroborate this because I have no proof," the statement quotes Diaz Herrera as saying.

Weeden suggested the statement was made under duress, at a time the retired colonel's wife and children were still being detained and he was held incommunicado.

Diaz Herrera might have agreed to sign the retraction as a way to negotiate his family's release or his own safe passage from Panama, church and diplomatic sources said.

His family has since been allowed to leave for Venezuela, and a priest has been allowed to visit the former military officer. He has not had legal counsel.

Diaz Herrera was the No. 2 man in the Panamanian Defense Forces until forced into retirement in early June. His accusations touched off a wave of anti-government protests and plunged Panama into its worst political crisis in some 20 years.

8A The Miami Herald / Tuesday, August 4, 1987

Noriega foe backing off, lawyer says

From Herald Wire Services

PANAMA — Retired Col. Roberto Diaz Herrera has retracted accusations of wrongdoing he made publicly against Panama's military strongman, Gen. Manuel

Around the Americas

News Briefs

Antonio Noriega, a man claiming to be Diaz Herrera's lawyer says.

The charges against Noriega last June 8 touched off demonstrations against Noriega. The government arrested and jailed Diaz Herrera last week.

Among the charges Diaz Herrera made, but now purportedly retracts, are that Noriega rigged the 1984 presidential elections and was involved in the death of opposition figure Hugo Spadafora, found decapitated in 1985. The retractions are contained in a written statement handed to reporters by attorney Alvin Weedin.

World Briefs 8/4

Leader scrutinized

WASHINGTON — Panamanian strongman Gen. Manuel Antonio Noriega is the focus of a major federal drug conspiracy investigation and is suspected of providing protection to cocaine trafficking and money laundering operations in return for hefty payoffs, federal law enforcement sources said Monday.

The probe by a federal grand jury in Miami is being pursued despite a split within the Reagan administration about whether to press for Noriega's ouster.



Investigators charge that Noriega allegedly has been skimming as much as 1.5 percent of the value of drug shipment and drug-related money transfers passing through Panama for several years.

Noriega



WORLD REPORT

Twilight for a dictator?

Panama's middle class beats the pots slowly for strong man Noriega

■ The days when Washington could topple a Central American dictator with a wink and a telephone call have faded into memory along with gunboats and banana republics. It may be the only modern political progress Panama strong man Manuel Noriega wholeheartedly endorses for, without this development he, too, would be history.

The Reagan administration has slowly come around to the view—unanimous in Congress and gathering strength in Panama itself—that Noriega, its most odorous and least reliable foreign ally, must give way to demands for democratic change. Debate now focuses on how best to encourage Noriega to step aside peacefully and, more important, how to insure that any change is for the better in a nation so vital to American national security. The country is the site of the U.S.-owned Panama Canal—which by treaty will revert to Panama's control at the end of 1999—and hosts America's most important military base and listening post in Latin America. As one U.S. official puts it: "We toss around the word *strategic* all the time—but Panama is the real thing. It's the big banana."

As American officials assess the risks and benefits of taking a hand in such a high-stakes gamble, one of the world's more curious manifestations of people's power—run by the chamber of commerce and 105 civic groups—has been unfolding in the streets of Panama City. Twice a day, at noon and 6 p.m., auto caravans of well-to-do citizens—"BMW revolutionaries" to a contemptuous government—clog the roads. Motorists honk horns, wave flags and beat pots and pans in anti-Noriega demonstrations. Thousands pour out of offices and apartments to join in.

Worsening unrest

In mid-July, nearly a month after the protests began, the mood turned uglier. Defying a ban on public protest, thousands took to the streets July 10 demanding Noriega's removal. Riot police fired buckshot and tear gas into the crowds. Hoping to limit damage, the regime ordered banks, schools and the

bureaucracy closed. But this action simply increased the pressure. Panama's economy is heavily dependent on the banking sector, which employs about 10 percent of the work force and boasts international deposits worth \$28 billion. Fears that the unrest is growing could touch off a flight of capital and job losses and could further destabilize Noriega.

The bill of particulars against Noriega—who routinely denies everything—was already formidable before the latest unrest. Led by his own former top aide, his accusers charge Noriega with brutal political murder, election fraud, drug trafficking, money laundering, gunrunning and selling U.S. secrets and technology to Cuba's Fidel Castro and Libya's Muammar Qadhafi—even while he collected money from U.S. intelligence. One knowledgeable source estimates that Noriega—who owns five homes in Panama, a luxury apartment in Paris and a villa in the French Alps—has amassed a fortune of \$500 million while drawing an official salary of less than \$50,000 annually.

Still, opposition leaders privately admit to doubts that the protests alone will be enough to end Noriega's rule

▲ Middle-class protest caravans clog Panama City streets twice daily as pressure builds for overthrow of Gen. Manuel Noriega (inset)

over the West Virginia-size nation of 2.2 million people. Their hope is that Washington will employ the kind of public pressure and private arm-twisting that drove Ferdinand Marcos from the Philippines and the Duvaliers out of Haiti. "Without American support, we'll never get rid of the general," says Videlda Wilson, 41, a middle-class mother of four who joined one of last week's protest caravans. "With it, he'll be gone." Yet the staying power of the protesters has amazed even their own leaders. Says one young opposition strategist: "We are not a courageous people or particularly political. Frankly, we are as surprised as anyone else by how long this has gone on."

A firm grip on power

The biggest question is *how* to get Noriega to move over or move out. There has been no public sign that his iron grip on the military has slipped. The opposition floats names of cleaner officers who could take over the Defense Forces but admits that all overtures to the officer corps have been rebuffed. Noriega seems to be playing for time, hoping that Washington's attention will turn to other crises and the opposition will run out of gas. The government has hinted that it might consider electoral reforms for the 1989 presidential vote. Ricardo Arias Calderón, leader of the opposition Christian Democratic Party, dismisses the idea: "The whole history of the last five years shows that there can be no fair elections with Noriega in power." But Calderón and other opposition leaders fear that the Reagan administration might opt for waiting things out. Reasons one of the leaders: "Focusing on '89 is easy for them. They won't even be in the White House by the time Noriega steals the next elections."

Noriega's Machiavellian skills are perhaps best illustrated by his role in the shadowy world of narcotics traf-



Battleship *Iowa* passes through U.S.-owned Panama Canal, a vital shortcut

ficking. Critics claim the general has raked off millions by providing safe haven for dope dealers and their money. Yet he treasures a sheaf of commendations from the U.S. Drug Enforcement Agency for his help with various probes—including two recent investigations of secret bank accounts that have hurt Panama's reputation as a safe place for hot money. Says one American: "Noriega gives the DEA people who haven't paid him. They are his enforcer." Adds a Justice Department source, "We've never made specific requests that haven't been honored. But that's the same thing that the common

snitch does for us. He is just using us."

Opponents in both capitals must weigh, in darker moments, the possibility that Noriega will survive. For in Panama, the pockmarked dictator—derisively dubbed "*cara de piña*" (pine-apple face) in popular graffiti—has all of the guns, most of the money and a pit bull's grip on power. "It would be a disaster if Noriega remains," says one retired U.S. diplomat who knows him. "He would take revenge."

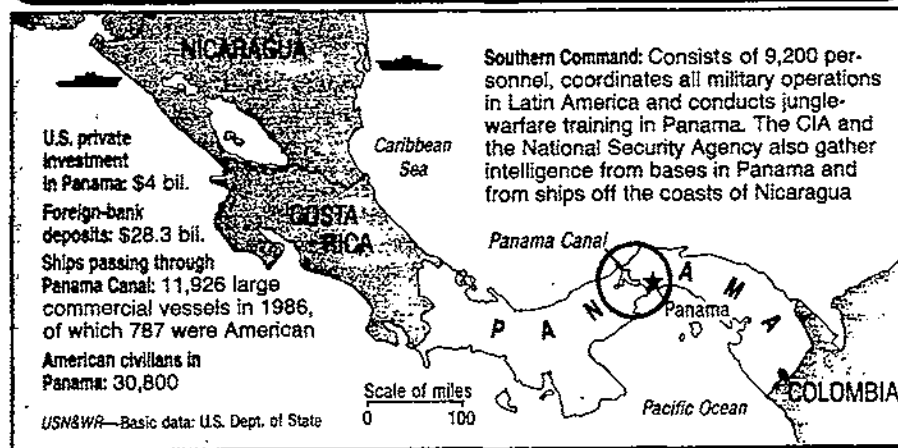
Noriega, a master manipulator, has already given Washington a taste of what it can expect if it backs a losing campaign against him. Two weeks ago he warmly welcomed Nicaragua's Marxist President Daniel Ortega to Panama and then followed up with an officially sponsored anti-American demonstration that attacked the U.S. Embassy after government security police disappeared. Since then, government radio stations have run daily denunciations of U.S. interference, interspersed with the Nicaraguan national anthem and readings from the teachings of Libya's Qadhafi.

The general, meanwhile, dispatched a moderate member of the government coalition, former Ambassador Aquilino Boyd, to warn Washington that continued pressure could drive Panama's ruling party into the arms of the radical left. Boyd said that a recent Senate resolution calling for Noriega to step aside—approved by a vote of 84-2—"has poisoned the waters of friendship between our nations."

This time it won't blow over

Although White House officials don't foresee either a coup or a Noriega retreat in the near future, they believe the situation has reached a "permanent boil." Says one top analyst: "This is not just another Panamanian problem that will blow over." In the interim, however, Reagan aides worry that Noriega may try to hold the U.S. to ransom. There are 40,000 Americans in the country—including 9,200 U.S. troops assigned to the Pentagon's Southern Command headquarters. They acknowledge that the U.S. has little leverage with Noriega. Cutting off aid, only \$33 million this year, would have little impact. Officials say the solution must be a Panamanian one, with Washington limited to encouraging the opposition to keep up the pressure on Noriega and hoping that the military will opt for internal reforms. "The opposition is fighting for the high moral ground, and it could cause the

THE STAKES IN PANAMA



Defense Forces to retreat to the barracks," says one official.

Assistant Secretary of State Elliott Abrams denies rumors of an administration split on Panama. He says top officials at an interagency meeting last week unanimously agreed that "our national interest is in doing all that we can to promote a transition to democracy in Panama." Abrams adds that U.S. efforts are not a personal battle against Noriega because problems are larger than that. "You don't solve Panama's problems if Noriega resigns. What you need is to get the military to realize that it has got to modernize... give up some of the other tasks, like running the country."

"A thorn in our flesh"

But the American message that may carry the most weight with Noriega is sounded by the Pentagon. Says Assistant Secretary of Defense Richard Armitage: "We want the continued development of democracy in Panama. Manny Noriega can be part of the solution, and if he is the man who brings this democratic aspect to the fore, good. If he doesn't, then perhaps somebody else will." Retired Adm. Thomas Moorer, former chairman of the Joint Chiefs, is more blunt: "As long as Noriega remains, he will be a thorn in our flesh. We ought to get him out of there and support the emergence of some reasonably democratic government."

On Capitol Hill, Noriega has chalked up a rare accomplishment, uniting lawmakers of every ideological stripe in opposition to him. Even Marcos in his last days had defenders in Congress. Not so Noriega. Conservatives hate his courtship of Castro and Ortega; liberals are bitter over his human-rights abuses, and moderates decry his destruction of the democratic process. Senator Jesse Helms (R-N.C.) calls Noriega an "utterly corrupt, reprehensible dealer of drugs": "We ought to arrange safe conduct for him so Panama can rebuild."

Exiled Panamanian political leader Gabriel Lewis, a former ambassador to the U.S., arrived in Washington last month to stoke anti-Noriega fires in Congress and in the administration and was amazed by the doors that opened to him. "Now, for the first time," he says, "the United States is practicing what it preaches—supporting democracy."

The handwriting on the wall in Panama City, for once, says just as much about Gen. Manuel Antonio Noriega leaving home as it does about Yankees going home. Whether he will do so—quietly and nonviolently—is another matter entirely.

by Joseph L. Galloway with Carla Anne Robbins in Panama City and Washington Bureau reports

A DIRTY LITTLE WAR SUDDENLY GROWS LARGER

The agony in Nicaragua

Managua First it was a comic-opera war, fought by exiles around Miami swimming pools. Then a war of words between Washington and Managua. Next came the shadow-boxers' war with an international border separating the hapless Contras from combat. Now, eight years after violent revolution brought them to power, Nicaragua's Marxist leaders find themselves enmeshed in a civil war that suddenly is very real.

Fueled by \$110 million in U.S. aid that is buying more and better weapons and supporting an effective air-supply operation, the Contras are penetrating deeper into Nicaragua to strike at power stations, state farms and highways. The government claims that in 372 clashes in the past month 477 Contras and 131 government troops died, as well as 33 civilians. By comparison, American sources say that clashes during 1986 averaged only 160 per month. The guerrillas claim a dubious 1987 kill ratio of 10 Sandinistas for each slain Contra.

When the Sandinistas seized power in 1979, women cheered an end to war with the slogan: "Blessed be the mother who has lost a son." Since then, many more have suffered that pain: The government says six years of war have taken 35,000 lives. Some too young to remember 1979 are dying today. After a June 25 battle 90 miles north of Managua, the body of a 13-year-old girl was among slain Contras put on display. "Discontent is general"

Times are hard, and growing harder, for ordinary folk. The war, a U.S. trade ban and Sandinista mismanagement have wrecked the economy. Inflation was running a "mere" 700 percent when the price of gasoline tripled in late June—because of Soviet plans to trim oil shipments—and set off a new spiral. Public transport has ground to a halt. Power blackouts are common. Meat, milk, rice and medicine are scarce. Women wait in all-

night queues to buy kerosene for their cookstoves.

Nicaraguans to a large extent are fed up with inefficiency—but propaganda depicting the Contras as baby killers has left citizens wary of the alternative. Says human-rights activist Lino Hernández: "The discontent is general, but there is no catalyst."

In the jungles, the guerrillas have used Redeye antiaircraft missiles that reached them in May to knock down at least two of the government's Soviet-made helicopter gunships. The number of Contras fighting inside Nicaragua has grown to an estimated 12,000—an increase of 5,000 in recent months—and hundreds of fresh recruits cross the

MARIA MORRISON—APF



Mourning a war victim

border from Honduras each week. Still, the rebels are outnumbered. The Sandinistas have over 25,000 trained regulars plus 100,000 militiamen and reserves. Soviet and Cuban aid for Managua arrives steadily, while U.S. aid to the rebels is sporadic. The U.S. pipeline will again run dry this fall unless Congress votes more money. The rebel offensive would arouse more alarm, says one Western diplomat, if the Sandinistas were not so certain that the Iran-Contra scandal has insured an end to American aid.

For now, however, a dirty little war rages on out of sight of the superpowers that finance it—but all too visible and painful to those who pay the real price. Says Managua's Auxiliary Bishop Bosco Vivas: "It is a tragic time."

by June Carolyn Erlick

New York Times

NEW YORK, TUESDAY, JULY 27, 1987

NATIONAL EDITION

Florida: Hazy sunshine, hot and humid with some thunderstorms, especially near the Gulf Coast and in southern sections. Highs in the 90's. Little change tomorrow. Weather map on page 11.

50 CENTS



Col. Roberto Díaz Herrera, at left flanked by bodyguards at a news conference earlier this month, has publicly denounced Panama's leader, Gen. Manuel Antonio Noriega, above. Yesterday morning, Colonel Díaz's house was raided by security forces and he was arrested.

PANAMA MILITARY ARRESTS KEY CRITIC IN NEW CRACKDOWN

NEWS OUTLETS CENSORED

Colonel and 44 Others Seized After Home Is Stormed — General Strike Begins

By JAMES LEMOYNE
Special to The New York Times

SAN SALVADOR, July 27 — In the harshest effort so far to break growing opposition to the Panamanian regime, security forces attacked the home of a leading critic of the military leader today after closing the main opposition newspaper and putting all radio and television stations under censorship.

The Panamanian Army said Roberto Díaz Herrera, a retired colonel whose charges of corruption and political killings prompted a wave of unrest, was arrested with 44 other people after a siege at his home today. The military said the arrests were made after the authorities met resistance to a search for weapons.

[In Washington, a senior State Department official said that Colonel Díaz had been arrested and that the United States government was certain that he was in good health even though the armed forces used tear gas and guns in making the arrest.]

Accounts from Panama said the siege at Colonel Díaz's home went on for four hours and included rifle and submachine-gun fire and the use of tear gas.

Reports on Casualties Conflict

The Panamanian Army said there were no deaths or injuries in the shoot-out, although there were other reports of one or more deaths. Because of censorship of Panamanian news outlets, the reports could not be confirmed.

The army crackdown came on the first day of what appeared to be the most effective opposition general strike in a prolonged showdown between civilian opposition parties and the regime of Gen. Manuel Antonio Noriega. Opposition leaders strongly criticized the army's actions and promised further protests.

"Each day we are living in a more typical repressive dictatorship led by a military chief who is rejected by society but who maintains himself by force," Ricardo Arias Calderón, the chief opposition leader and head of the Christian Democratic Party, said in a telephone interview.

Capital Reported Paralyzed

[In Washington, American policy makers said they were expecting opposition to military rule to increase as a result of the latest crackdown. Page 2.]

The general strike that began today reportedly closed down the capital, Panama City, as well as other major cities in a strong repudiation of the regime. A Western diplomat reached by telephone said the capital was "closed

Dole Suggests a Way for President to Delay Consent

USE

In nearly 30 years, the appointee serve, without the need for confirmation, through the subsequent session. In Judge Bork's case would be through the fall of 1988.

For Dole, who is trying to establish Presidential credentials among conservative Republicans, has criticized Senator Biden and other Democrats on the Judiciary Committee in appeals to conservative audiences.

predicted the confirmation fight would be "the main event of the 100th session."

Remarks also appeared to reflect strategy among some Republicans to attract attention from Judge Bork himself at least for now, and to make an issue of the way the Democrats were handling the confirmation.

The American Conservative Union, the Coalitions for America, two conservative groups, said last week Senator Biden should not preside over the hearings because he has already announced his opposition to the nominee. Also last week, Senator J. Humphrey, a New Hampshire

Continued on Page 18, Column 1

SHULTZ WILL TALK TO SHEVARDNAZDE

A Meeting in September May Open Way to the Summit

By MICHAEL R. GORDON
Special to The New York Times

WASHINGTON, July 27 — Secretary of State George P. Shultz and Eduard A. Shevardnadze, the Soviet Foreign Minister, have agreed to hold talks in September on arms control, officials said today.

Administration officials said it had been generally agreed that the meeting should be held in Washington just before the United Nations General Assembly convenes in mid-September.

"That is the period we are looking at," said one official. But he cautioned that a final date had not been set.

The planning put the two sides on a firm schedule toward a possible arms agreement and summit meeting between President Reagan and Mikhail S. Gorbachev later this year, though important differences over West Germany's short-range missiles are still a barrier to a treaty.

Shultz Meets Soviet Envoy

The meeting between the foreign ministers was the main subject of discussion today when Mr. Shultz met with the Soviet Ambassador, Yuri V. Dubinin.

The United States had proposed the meeting for July. The Soviet Union did not agree and Mr. Dubinin informed Mr. Shultz that the Soviet Union

Continued on Page 2, Column 3

Panamanian Military Arrests Key Critic in Harsh New Crackdown

Continued From Page 1

up like a Sunday afternoon."

Panama has been in political turmoil for months, since Colonel Diaz, the former 2 man in the army, publicly denounced General Noriega and supported longstanding accusations that the general has been involved in running drugs, stealing votes, killing political opponents and other forms of corruption.

The denunciation touched off civil protests that grew stronger as Colonel Diaz shut himself in his home and continued to denounce the army-backed

dictatorship he had so recently served. He sought to protect himself from reprisal by relying on dozens of armed bodyguards and the Roman Catholic Archbishop's public pledge of political asylum.

According to diplomats and Panamanian politicians reached by telephone today, two army helicopters backed by army units attacked Colonel Herrera's home early this morning, and a prolonged exchange of gunfire ensued.

There are conflicting accounts of the outcome of the attack. Mr. Arias said in a telephone interview that several people in the neighborhood where the at-

tack occurred told him the assault lasted an hour and a half, starting at 6 A.M. with helicopters bombarding Col. Diaz's house with tear gas canisters.

Main Newspaper Closed

In addition, policemen closed and occupied the main opposition newspaper, La Prensa, on Sunday night, charging that it had "incited the disturbance of public order." Winston Robles, the newspaper's editor, said in a telephone interview.

At the same time, President Eric Arturo Delvalle's office issued a decree effectively censoring all radio and television stations. The decree said they would lose their right to broadcast if they announced anything deemed prejudicial "to public order."

Mr. Robles said he did not know how long the occupation of his paper would last. It has been among the strongest critics of General Noriega.

Several Panamanians reached by telephone said that the main afternoon television newscast today contained no news about the army crackdown and that the announcer told listeners that a military censor was in the studio.

The attack on Mr. Diaz Herrera and the closing of the press appear likely to raise tensions that have been building over the last seven weeks as protests have grown against what appears to be the last traditional military dictator-

ship in Central America. After several shootings, an attack on the United States Embassy that appeared to have army backing, and indications that General Noriega is determined to hang on to power, the Reagan Administration has increasingly criticized the general's monopolization of power and has distanced itself from his regime.

But Mr. Noriega, who has a reputation as one of the toughest and shrewdest military dictators in recent Latin American history, appears ready to put up a hard fight.

He and his predecessors have built a political organization that dominates the country by controlling key businesses, the government press and the official government party while reportedly paying off, threatening or even killing opponents.

The army is reported by senior American officials, as well as by former Panamanian officials and members of that country's armed forces, to make tens of millions of dollars a year on drug deals, kickbacks, illegal arms shipments and growing control of traffic through the Panama Canal. It is a profitable, if corrupt, system of rule that most army officers seem determined to maintain.

As a consequence, most political analysts predict a long period of civilian protests and repression before the struggle for power is resolved.



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U.S. Says Military Crackdown May Widen Panama Dissent

By NEIL A. LEWIS

Special to The New York Times

WASHINGTON, July 27 — American policy makers said today they were expecting opposition to military rule to increase in Panama as a result of the latest crackdown.

At the same time, the officials said, it was important for the United States to make clear its own opposition to the Government controlled by Gen. Manuel Antonio Noriega. To that end, the United States last month suspended all military and economic aid to Panama to express Washington's growing unhappiness.

The aid cutoff along with a suspension of training and maintenance agreements with the Panamanian National Guard has left the United States with few areas in which to exert pressure, they acknowledged. The officials described the United States as currently assuming a waiting posture.

Administration officials reacted not so much with dismay to the latest efforts by the Government to suppress dissent as they might have in the past. Instead, the crackdown is being viewed as part of the process by which the opposition may become broader and deeper, something officials welcome.

Philippine and Haitian Examples

This way of looking at events in Panama, officials acknowledged, is heavily influenced by the Administration's experience in helping to bring

about political changes in the Philippines and in Haiti.

"All of these situations require that the people in any given country demonstrate they are desirous of a certain outcome, a move towards democracy," said one official.

The United States, the official said, had made its opposition known in a way that was both clear and tangible, by suspending all aid agreements. The aid program is being suspended, the State Department has said, while the Administration awaits \$106,000 in compensation for damage to the United States Embassy in a demonstration on June 30 officials said was instigated by General Noriega.

One official said the Administration was waiting to see how the citizenry in Panama reacted to the latest crackdown against the press and against General Noriega's chief accuser, Roberto Diaz Herrera, a retired colonel.

Another senior official described the situation in Panama as at a point where the opposition to General Noriega could grow rapidly. It was also at the point, this official said, that the general could react ruthlessly in using the military to crush all dissent.

Charles E. Redman, the State Department spokesman, had no comment on the arrest of Colonel Diaz, who has accused General Noriega of involvement in electoral fraud and murder.

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U.S. halts aid to Panama as relations sour

PANAMA / from 1A

government, however, that Noriega is actually nearing the end as the most important power in the Central American country, which is vital to the United States because of the Panama Canal and a



Noriega

long history of military cooperation. A U.S. policy-maker said the reaction of Panamanians to Noriega in political protests and large scale public demonstrations since early June suggests that "Noriega's days are numbered — but that number could be dozens, hundreds or even thousands of days. If he is as wily and ruthless as everyone says, it will be a difficult situation."

All new commitments of U.S. military and economic aid were quietly suspended early this month after supporters of Noriega, believed to be orchestrated by the Panamanian government, attacked the U.S. Embassy and Consulate in Panama City with rocks and red paint. The cutoff extended to a ban on routine maintenance and repair provided to the Panamanian military by the U.S. Army, the only part of the U.S. action that has been publicized.

As the situation in Panama worsened in recent weeks, the aid freeze was tightened to include a ban on U.S. training of Panamanian military personnel and supply of normal spare parts and equipment, officials said.

Initially it had been expected

Around The Americas

that the aid suspension would be lifted as soon as Panama pays a \$106,000 bill presented by the United States for the damage to the embassy. That is expected this week. But in the light of developments, the administration is considering whether to continue part of the aid freeze even after the Panamanian payment is received. Panama is scheduled to receive \$6 million in U.S. military aid and \$20 million in economic aid this year.

The Panamanian request to buy U.S. tear gas was made last month, before the attack on the embassy, and was turned down by the State Department, officials said.

High level U.S. visitors such as Deputy Assistant Secretary of State William Walker, who made a fact-finding trip to the country last week, have avoided contact with Noriega.

"He [Noriega] is seeing fewer American officials," a Washington policy-maker said, adding that

close contacts with Noriega at this point "could be misconstrued."

The Reagan administration has long been unhappy about Noriega, who has been dogged for years by charges of involvement in murder, drug activities, electoral fraud and intelligence dealings with Cuban President Fidel Castro.

7/11/87

Panama arrests over 100

A Reuters News Service Report

PANAMA CITY, Panama — Security forces arrested more than 100 people and wounded at least nine Friday in crushing widespread street protests against military strongman Gen. Manuel Antonio Noriega.

Witnesses said the injuries were caused in separate incidents involving troops that fired shotguns into crowds of demonstrators.

Those arrested included a U.S. airman, Patrick T. Christiansen, who serves with the Panama-based Southern Command.

Geoffrey Biddulph, 23, a freelance correspondent reporting for The Arizona Republic, said police shot him from 20 yards away as he walked through a residential neighborhood after a demonstration. Biddulph said he was hit by 16 birdshot pellets but was not seriously hurt.

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It had been planned as the biggest meeting yet in more than a month of unrest and street protests aimed at driving Noriega out of politics and ending long years of military dominance over Panama, site of the strategic canal and one of the Western hemisphere's most important banking centers.

The demonstration was called in open defiance of a ban on all public protest that was reiterated last night by President Eric Arturo Delvalle.

Earlier this week, security forces made no move when tens of thousands of left-wing demonstrators defied the presidential prohibition and marched through the streets to press for demands ranging from better social services to an end to the presence here of 10,000 U.S. troops.

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North and other witnesses in exchange for their testimony.

situation of justice. Colonel North could be a target of ob-

That could corroborate part of the

Polindexter would also identify other officials as having been involved in ap-

before, that Admiral Polindexter would be an even more important witness for

den" from himself to Admiral Polindexter by contending that he sought approval for all his actions from his superiors, primarily the admiral.

Assuming the Blame

But Senator Mitchell recalled that Colonel North had testified that it was Mr. Casey who first suggested that the colonel take the blame if the operations became public, but then added that because Colonel North was too junior, Admiral Polindexter might have to be the scapegoat.

"We may now be seeing that Director Casey, who was, as we all have seen from this, a skillful person working behind the scenes, he may have been right," Senator Mitchell said. He added that it might turn out that Admiral Polindexter would take the blame by saying that though Colonel North came to him for approval, he never actually got Mr. Reagan's authorization.

Networks Will Carry Washington Hearings

The Congressional hearings on the Iran-contra affair will be broadcast live beginning at 9 A.M. on the ABC, CBS and NBC television networks, on CNN, the Cable News Network, and on some local affiliates of PBS, the Public Broadcasting Service. Also, C-SPAN, the Cable-Satellite Public Affairs Network, will rebroadcast the day's testimony in its entirety beginning at 9 P.M.

You get business news seven days a week in The New York Times. There isn't a better way to keep

The Contras in Costa Rica: A Tangled Tale Is Told in Lawsuit

By JAMES LeMOYNE

Special to The New York Times

SAN JOSE, Costa Rica, July 4 — Two American freelance journalists living here are at the heart of an unresolved lawsuit charging that a broad conspiracy surrounded Nicaraguan rebel activities in Costa Rica, including an assassination attempt, drug-dealing and gun-running.

The two journalists, Tony Avirgan and Mariha Honey, claim that the conspiracy was carried out by a network of active and former C.I.A. operatives, right-wing Cubans, contras and American mercenaries who operated here in support of the contras.

Even though a range of investigations by Government agencies and news organizations have failed to validate the lawsuit's central claims, the two journalists and the Christie Institute, a liberal Washington-based organization that has taken up their case, have doggedly pressed the suit in public for more than a year, attracting attention.

Several of the central figures in the Iran-contra affair who are also defendants in the case say they have spent an extraordinary amount of time and effort fighting the suit. And references to the allegations have been made during the Congressional Iran-contra hearings.

American officials and several of those accused of illegal activity by the two journalists have repeatedly denied the accusations. Some American officials contend that the two reporters are political activists who have created a conspiracy theory to press their opposition to American policy in Central America.

Mr. Avirgan and Ms. Honey, who are husband and wife, deny that they are biased. They base their assertions on their investigation of a bombing that almost killed rebel leader Edén Pastora in 1984 as he spoke to a crowded news conference. The blast killed at least four people and wounded more than 20, including Mr. Avirgan.

The suit, which the Christie Institute filed on behalf of Ms. Honey and Mr. Avirgan in Miami last year before the Iran-contra scandal was disclosed, charges that 29 men conspired to run guns, deal drugs and kill Mr. Pastora in an illegal effort to press the contra war from Costa Rica.

The lawsuit does not charge that the C.I.A. was involved but does name some former senior officials of the agency. Drugs were sold, the suit charges, to buy guns for the rebels, though it is not clear who was in charge of the shipments.

Iran-Contra Figures Are Named

Those named in the suit include Richard V. Secord, the retired general who was the point man in setting up a secret supply network for the contras overseen by former White House aide Lieut. Col. Oliver L. North. Also named are contra leader Adolfo Calero and Robert Owen, Mr. North's emissary to the contras.

Mr. Secord, Mr. Calero and Mr. Owen have denied the accusations against them.

Several news organizations, as well as Congressional investigators, have looked into the allegation that drugs were sold to buy weapons for the contras, and have so far been unable to prove it.

Mr. Avirgan is a television cameraman who has worked for ABC, CBS and

the BBC in England. Ms. Honey has been a stringer for several newspapers, including The New York Times and now writes for the Times of London and the Sunday Times of London.

Journalists Got Too Close

Their investigations apparently worried members of Mr. North's secret contra supply network. An ex-C.I.A. agent, Glenn A. Robinette, told Congressional investigators that Mr. Secord paid him \$100,000 last year to investigate Mr. Avirgan and Ms. Honey in order to develop "derogatory" information about them.

Mr. Robinette said he came to Costa Rica and paid people for information. Mr. Secord has said he paid Mr. Robinette to investigate the two reporters only because they were close to revealing Mr. North's secret contra supply network.

Mr. Secord has denied involvement with any conspiracy that involved drug-dealing or the attempt to kill Mr. Pastora.

In the last year, Mr. Avirgan and Ms. Honey say they have received numerous anonymous death threats, and their lawyers and friends have been detained and harassed by the Costa Rican narcotics police, who have received training and funding from the American Embassy here. In addition, the two reporters, who have lived here for four years, say their house has been burglarized three times.

Targets of a Setup

Last month, they were the targets of what one Costa Rican official called a clumsy setup that involved mailing a package of cocaine to them, supposedly sent by Nicaraguan Interior Minister Tomás Borge. Two weeks ago, a right-

ist political group unsuccessfully demanded that the two reporters be expelled as "spies."

A senior Costa Rican official said a review had shown that Mr. Avirgan and Ms. Honey had broken no laws.

Three drug-traffickers now imprisoned in the United States have told reporters and Congressional investigators that some drug planes were allowed to land in the area in northern Costa Rica from which the contras operated. Guns were also run to the rebels, according to several ex-contras and mercenaries. In addition, someone built and planted a very professional bomb that almost killed Mr. Pastora.

But American officials say the drug trafficking, gun-running and the bombing are separate events that do not, as the two reporters contend, form part of a conspiracy.

Theory on Assassination

The man who tried to kill Mr. Pastora has never been found. American officials assert he was an agent of the Sandinistas, a claim they have not proved. In their investigation, Mr. Avirgan and Ms. Honey concluded that Mr. Pastora's rightist opponents within the contra movement hired a Libyan assassin named Amac Gabli to plant the bomb.

The two journalists have a witness, a former contra adviser named Jack Terrell, who told a Costa Rican court last year that he was in a meeting where the bomb attack and other plans to kill Mr. Pastora were discussed with senior contra officials, including Mr. Calero, and an American rancher here named John Hull.

Mr. Calero and Mr. Hull have denied

Continued From Page 1

that the only people aware of the fund's use were himself, Mr. Casey, Admiral Polindexter and Richard V. Secord, the former Air Force general who arranged arms shipments to Iran and the contras.

When Mr. Liman asked Colonel North to describe the fund, he replied:

"Director Casey had in mind, as I understand it, an overseas entity that was capable of conducting operations or activities of assistance to the U.S. foreign policy goals that was a 'stand-alone.' It was self-financing, independent of appropriated monies and capable of conducting activities similar to the ones that we had conducted here."

When Mr. Liman asked him whether Mr. Casey ever told him that the private organization would operate under Presidential Intelligence findings, or be subject to Congressional oversight, Colonel North said "the discussion didn't get that far."

Colonel North also said that he believed it was "good and sufficient" for Mr. Casey, as the Director of Central Intelligence, to direct him how to use the fund without seeking Presidential approval.

eral Secord had then purchased a Danish freighter.

Mr. Liman then asked Colonel North whether he had sought approval for the purchase of the ship by sending a memo to Mr. Reagan through Admiral Polindexter. Colonel North had previously testified that he had sent five memos requesting Presidential authorization for the diversion of funds from the Iran arms sales to the contra resupply program through Admiral Polindexter. This was his normal procedure, Colonel North had repeatedly testified.

But in the case of the ship, Colonel North said, "I don't know."

"I got the request from the Director of Central Intelligence," Colonel North told the committee.

Casey's Request 'Sufficient'

"Don't you think that's a decision that the President of the United States should make?" Mr. Liman then asked.

"If the Director of Central Intelligence decided to produce a ship, and I did not think that is good and sufficient," North responded.

Mr. Liman also questioned Colonel North about a note Admiral Polindexter had sent him in May 1986 on the White House's request for

North. "From now on, I don't want you to talk to anyone else, including Casey, except me, about any of your operational roles. In fact, you need to quietly generate a cover story that I have insisted that you stop."

'I Am Not Shocked'

On Friday, Mr. Liman asked Colonel North: "Are you not shocked that the Director of Central Intelligence is proposing to you the creation of an organization to do these kinds of things outside of his own organization?"

"Counsel, I can tell you that I am not shocked," Colonel North responded. "I don't see that it was necessarily inconsistent with the laws, regulations, statutes and all that obtain."

In related testimony on Friday, Colonel North several times tried to explain to the committees the need Mr. Casey and he felt to establish "plausible deniability," or a way to dissociate a secret operation from the United States and the President if it should become known.

Bobby Inman, a retired admiral and former deputy director of the C.I.A., said today that in Mr. Casey's view "you could only conduct covert operations effectively if there was plausible deniability."



...grounds during a massive demonstra-
non Thursday. The protest ended peacefully after about an
hour when the riot police agreed to withdraw.

TPA TRIB 7/13/87 p.2A

'Why should I go?' Panama's military leader asks nation

By TOM BROWN
of Reuters News Service

PANAMA CITY, Panama — Military leader Gen. Manuel Antonio Noriega rejected calls for his ouster in a television interview broadcast in Panama City last night following weeks of protest against his rule.

"Why should I go, why should I go?" he asked when questioned about whether he would consider giving up his powerful post to restore peace.

"Gen. Noriega doesn't constitute a problem," he added.

Noriega said the only people calling for his removal from the military, which controls what many consider a puppet government, were a small group of Panamanians who he referred to as "the living dead" and U.S.-backed "racists."

"They're a group that want to obtain power with the hands of the United States," he said.

He termed his opponents "racists" who "don't like blacks," and added "here the majority of us are blacks."

The military has been Panama's de facto ruler since 1968, although the country technically has an elected government. Noriega defended his role in an interview in Time magazine published Sunday.

"If it were not for Latin American strongmen, civil or military, we would be speaking English from the Rio Grande to Patagonia," he said in a written response to the magazine's questions published Sunday.

Asked about concerns that U.S.-Panama relations were at their lowest level ever, Noriega said, "This is not true. In 1964, we broke relations with the U.S."

"As far as I know, President Delvalle's government has no intention of doing that. What is true is that no Panamanian accepts external interference in his own affairs."

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Lawmaker outlines scope of drug probe

WASHINGTON (AP) — A second congressional committee is quietly tracing the Reagan administration's network of secret support for the Nicaraguan Contras, focusing on allegations that U.S. officials may have condoned drug smuggling, gun-running and other crimes to raise money for the rebels.

The low-profile, year-long investigation by the House Crime Subcommittee **Meese** was made public last week, as the panel voted following a debate to subpoena three federal prosecutors in Miami.

Despite what subcommittee Chairman Rep. William Hughes, D-N.J., called some "wild" allegations by some questionable sources, he said, "There does seem to be some substance." He declined to elaborate.

The committee wants to question the three federal prosecutors about allegations that the nation's top law enforcement official, Attorney General Edwin Meese III, ordered a halt to the investigation of a gun-running ring.

Meese has denied published reports that quoted administration sources as saying he intervened in the case so as not to endanger an upcoming congressional vote on Contra aid last spring.

But that is only "a small portion" of the potentially explosive territory the committee is exploring, according to Hughes.

Hughes said the subcommittee is looking into the following allegations it has come across in extensive interviews and research:

- A convicted drug smuggler's story that he was offered a deal by

prosecutors in return for funneling some of his ill-gotten gains to the Nicaraguan rebels.

- Evidence that a marijuana-laden C-130 cargo plane was permitted to land at Homestead Air Force Base in southern Florida, with profits from that trip reportedly earmarked for the Contras.

- Allegations that the Drug Enforcement Agency looked the other way on drug dealing by and for the Contras. The White House has said that some individual Contras may have engaged in drug trafficking but that there was no evidence the rebel leadership supported by the United States was involved.

- Charges that U.S. officials, diplomats and friendly foreign governments allowed crimes to be committed in the Contras' behalf.

Hughes, a former criminal prosecutor, acknowledged many of the allegations come from questionable sources, including convicted felons.

He said crime-panel investigators have spent months tracking leads taking them to Florida, the West Coast and Central America.

He said committee staffers, and a full-time federal criminal investigator, have interviewed witnesses, pored over hotel registers and bank records and traced airplane schedules and cargo manifests.

The most serious allegation concerns Meese and his role in a 1985 Miami gun-running investigation dubbed "Costa One" by prosecutors.

In that case, the FBI was investigating evidence of private arms shipments by Southern Air Transport out of Fort Lauderdale, Fla., to Contra forces in Central America.

The chief investigator, Assistant U.S. Attorney Jeffrey Feldman, found enough evidence to recommend presenting the case to a grand jury.

Meese has denied he made any recommendation about dropping the case.



Meese

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Special to The New York Times

Using tactics that are all but unprecedented in Panama, riot policemen arrested more than 100 demonstrators and scattered thousands of others who tried to hold a rally in defiance of a Government ban.

Protest leaders have already begun to discuss alternatives for a post-Moriera regime, amid signs this week that the Government's political coalition was weakening. Some American officials are reportedly worried that a period of dangerous instability could follow the general's departure if he is forced from office.

General Noriega minimized the importance of the Friday protest, asserting that it involved no more than 5,000 of the country's 2.2 million people. The

Minister of Government and Justice, Rodolfo Chiari de León, said political demonstrations would be prohibited "for as long as current circumstances exist."

The rally Friday was to have been held in front of a church that faces one of the capital's main avenues. But policemen carrying plastic shields and wearing gas masks sealed off streets leading to the church. As demonstrators approached, waving white flags, shouting insults and at times throwing rocks, lines of policemen repeatedly charged at them.

A senior opposition leader, Arnulfo Arias Madrid, who many contend was the true winner of the 1984 presidential election, accused the military of unleashing "brutal repression" against citizens "armed only with their consciences and their convictions."

Strong Public Declaration

The general and his backers have portrayed the protests as fomented by the United States and by wealthy pro-American Panamanians who are seeking to return to position of power they lost when the military seized power 19 years ago.

The ruling coalition was shaken this week by an unexpectedly strong public declaration by the civilian Vice President, Roderick Esquivel, who heads the Liberal Party.

Panama arrests over 100

A Reuters News Service Report

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Those arrested included a U.S. airman, Patrick T. Christiansen, who serves with the Panama-based Southern Command.

Geoffrey Biddulph, 23, a freelance correspondent reporting for The Arizona Republic, said police shot him from 10 yards away as he walked through a residential neighborhood after a demonstration. Biddulph said he was hit by 16 birdshot pellets but was not seriously hurt.

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It had been planned as the biggest meeting yet in more than a month of unrest and street protests aimed at driving Noriega out of politics and ending long years of military dominance over Panama, site of the strategic canal and one of the Western hemisphere's most important banking centers.

The demonstration was called in open defiance of a ban on all public protest that was reiterated last night by President Eric Arturo Delvalle.

Earlier this week, security forces made no move when tens of thousands of left-wing demonstrators defied the presidential prohibition and marched through the streets to press for demands ranging from better social services to an end to the presence here of 10,000 U.S. troops.

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NYT 6/12/86 p.1
**Panama Strongman Said to Trade
 In Drugs, Arms and Illicit Money**

**U.S. Aides Also Assert
 Noriega Helps Leftist
 Rebels in Colombia**

By SEYMOUR M. HERSH

Special to The New York Times

WASHINGTON, June 11 — The army commander of Panama, a country vital to United States interests in Latin America, is extensively involved in illicit money laundering and drug activities and has provided a Latin American guerrilla group with arms, according to evidence collected by American intelligence agencies.

Senior State Department, White House, Pentagon and intelligence officials said the evidence also showed that the commander, Gen. Manuel Antonio Noriega, who is in effect the leader of the country, had been tied to the killing of a political opponent. They also said that for the last 15 years, he had been providing intelligence information simultaneously to Cuba and the United States.

In addition, they said, General Noriega is a secret investor in Panamanian export companies that sell restricted American technology to Cuba and Eastern European countries.

Espionage Investigation in 70's

In the mid-1970's, according to former officials of the National Security Agency, General Noriega was implicated in a secret espionage investigation involving the transfer of highly sensitive agency materials to Havana. These officials said General Noriega purchased the N.S.A. documents from a United States Army sergeant on duty in Panama.

A White House official, discussing General Noriega's role in what he depicted as the "Panamanian connection," said curtailing the general's activities would play an enormous role in stopping the international trafficking of drugs by organized crime.

The head of the Panamanian military, called the Panama Defense Force, is widely viewed as the politically dominant force in the country.

General Noriega is on a visit to the United States this week and presented a Panamanian medal of honor today at



Gen. Manuel Antonio Noriega of Panama at a reception yesterday at Fort McNair near Washington.

a private ceremony at the Inter-American Defense Board. Requests to interview the general in Washington received no response.

In Panama last weekend, General Noriega could not be interviewed to discuss the Americans' assertions despite three days of telephone calls to the army press office and attempts to reach him through other senior army officers.

Spokesman Denies Assertions

The general, said Capt. Eduardo E. Lim Yueng, the second in command of the Panama Defense Force press office, was too busy with other important business. Two days of telephone calls, including several written messages left with secretaries, brought no reply from the presidential press office.

Captain Lim Yueng, however, denied the assertions as a spokesman for the "institution of the armed forces and for General Noriega." He said General

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Noriega and the military were the victims of a campaign of slander that had no basis in fact.

"These are political attacks," he said. "General Noriega would answer the same way. This campaign is trying to damage our institution."

A White House official said the intelligence information about General Noriega's activities had been made available to senior officials of the White House. But this official and others said they did not know whether President Reagan was aware of the reports.

A senior Reagan Administration official would not discuss the assertions against General Noriega, who was previously head of military intelligence and became army commander when Brig. Gen. Omar Torrijos Herrera was killed in a helicopter crash in 1981. The Administration official expressed concern that the intelligence information would damage relations with Panama if it was seen as reflecting the views of the White House.

Officials in the Reagan Administration and past Administrations said in interviews that they had overlooked General Noriega's illegal activities because of his cooperation with American intelligence and his willingness to permit the American military extensive leeway to operate in Panama.

They said, for example, that General Noriega had been a valuable asset to Washington in countering insurgencies in Central America and was now cooperating with the Central Intelligence Agency in providing sensitive information from Nicaragua.

But many Reagan Administration officials made clear in interviews that the extent of General Noriega's activities was seen as a potential national security threat because of the strategic importance of Panama and the Panama Canal. Under treaties negotiated with General Torrijos in the 1970's, the United States has agreed to turn the canal over to Panama in the year 2000.

"It's precisely because we have long-term strategic interests in Panama, with the canal, that it's important to have reliable people we can deal with," a senior American diplomat said. In addition, Panama has become increasingly important for the United States and its monitoring of insurgencies in Central America.

General's Activities: Legal and Illegal

A recent classified report by the Defense Intelligence Agency concludes that General Noriega, operating through a small band of top associates in the military, maintains tight control of drug and money-laundering activities by his associates in the Panama Defense Force, according to one American official. The study said the general was "deeply involved in legal and illegal business."

"Nothing moves in Panama without the instructions, order and control of Noriega," the official said.

According to the study, Panama, White House, Pentagon and intelligence sources, there has been long-standing evidence among intelligence officials of General Noriega's activities, including his relations with the Cuban Government and his willingness to sell arms to the M-19 rebel group in Colombia. The study also said that the guerrilla group has been responsible for violent attacks that have led to hundreds of deaths.

Of the assertion on the M-19 guerrillas, Captain Lim Yung, the Panamanian Army spokesman, said: "We have no information on M-19. We do all we can to avoid Panama being used as a trampolines for terrorism."

The captain also denied any Cuban intelligence efforts in Panama or that General Noriega was involved in any shady activities with Cuba. He also denied any export of embargoed goods to Cuba. "Cuba has an embassy here and normal relations with us like many countries," the captain said.

He added, "We've captured drugs here, and are doing our best to collaborate with the United States to fight narcotics in Panama."

A Critical Misjudgment' In Killing of a Critic

What has come to be seen within the United States Government as the Noriega problem was heightened by recent intelligence directly tying the general and the top leadership of the Panama Defense Force to the slaying last September of Dr. Hugo Spadafora, one of the army's leading critics.

In his statement, Captain Lim Yung said: "There is absolutely nothing in this case involving the army. Spadafora had many enemies. The institution of the armed forces absolutely denies any ties to the death of Spadafora. We criticize this crime."

A classified Defense Intelligence Agency report on General Noriega de-

scribed his involvement in the killing as "a critical misjudgment" on his part. The D.I.A. is also known to have intelligence demonstrating that General Noriega ordered the killing, according to an official with first-hand information.

Dr. Spadafora's decapitated body was found stuffed in a United States mailbox in Costa Rica just across the Panamanian-Costa Rican border. The killing occurred a few weeks before General Noriega ousted the civilian President, Nicolás Arango Barrios, who was about to name an investigating commission.

Mr. Barrios was replaced by Eric Arturo Delvalle, who is viewed by American officials as another nominal leader, with the army commander actually in control of the country.

Some senior White House officials have privately been concerned about General Noriega's activities. Late last year Vice Adm. John M. Poindexter, then the newly appointed national security adviser, visited the general and privately told him to "cut it out" — alluding to the drug and money laundering activities and his close relations with Cuba, according to a Government official.

Admiral Poindexter was later quoted as having raised questions about an alternative to the Panamanian general.

The issue is a chronic one for American policy makers: how far to overlook corruption and a lack of democratic principles in allies in order to protect secret intelligence installations.

Senior civilian officials in the Pentagon, headed by Nestor D. Sanchez, a former C.I.A. and White House aide for Latin American issues who is a Deputy Assistant Secretary of Defense for Inter-American Affairs, are known to be concerned that any successor to General Noriega might not be willing to tolerate the American military activities that now exist in Panama.

In Panama, a Web Of U.S. Intelligence

Since the early 1960's the National Security Agency, operating through its military components in the Army, the Navy and the Air Force, has vastly increased its intelligence-gathering activities in Panama. It is now capable of monitoring all of Central America and most of South America from its Panamanian installations.

The Central Intelligence Agency has also used military bases in Panama, especially Howard Air Base near Panama City, as a jumping-off point for intelligence gathering and for agents sent to Nicaragua, according to intelligence officials.

In interviews, Reagan Administration officials emphasized the nature of the evidence tying General Noriega and the top leadership of the Panama Defense Force to money-laundering and drug trafficking activities.

One official who said he had extensively reviewed the most sensitive intelligence available to the American Government on General Noriega, including reports from agents and intercepts, described most of the specific as "having to do with gun and drug running."

He said General Noriega's name appeared "over and over" in connection with specific dates, places and contact in money-laundering and drug activities.

Much of the information, the source acknowledged, has been gleaned from National Security Agency intercepts among the highly classified information in the Government's vaults.

In interviews, intelligence officials repeatedly described General Noriega as brilliant at masking much of his direct involvement, preferring to oper-



United Press International

Vice Adm. John M. Poindexter, the national security adviser, reportedly warned Gen. Manuel Antonio Noriega against drug and money-laundering activities.



United Press International

Dr. Hugo Spadafora, an army critic, was killed last September.

through cutouts or as a secret partner in Panamanian trading companies and banks.

An American official with long experience in Panamanian affairs noted that the general seemed to have become more circumspect in his pattern of activity in the early 1980's, moderating overt support for M-19 and direct financial involvement in drug activities.

Instead, the official said, the general has invested more heavily in legitimate business ventures and become more involved in what were described as safer and more lucrative activities — money laundering, much of it, according to American law enforcement agencies, known to be drug-related. In addition, the official said, he has also become involved in the shipping of high-technology American goods, much of them on restricted lists, from duty-free zones in Panama to Cuba and countries in Eastern Europe.

Colombian Rebels And the Panamanians

According to American intelligence officials, there is evidence tying General Noriega to longstanding arms dealing to M-19, the Colombian rebel group.

Such shipments dwindled in the last few years, officials said, apparently in response to pressure from the Reagan Administration, but have begun to flow again. General Noriega's M-19 trafficking "continues today," said an official with access to the most current intelligence.

The most specific details of General Noriega's involvement with M-19 were provided by C.I.A. officials. In one instance, carefully monitored by the agency, General Noriega and members of the Panama Defense Force were found to have armed a small M-19 band — estimates range from 60 to more than 100 — before an unsuccessful attack on Colombia's west coast in early 1983.

Members of the M-19 group, which had been trained in Cuba, were tracked by American intelligence as they left Havana and flew to Panama, according to intelligence officials. They said the rebels were then armed by members of the Panama Defense Force and shipped by a boat, which had passed through the canal, from Panama Bay to two locations off the coast of Colombia.

The guerrilla bands were eventually found and attacked by Colombian officials, with heavy loss of life, according to intelligence officials. Diaries were seized in which the recruits told of their training in Havana and their stay in Panama, including an overnight stay in a safehouse that was said to have been provided by members of the Panama Defense Force.

Other American intelligence officials told of viewing reconnaissance film, believed to have been taken by a high-flying U-3, depicting M-19 aircraft off-loading drugs at a Panamanian Air Defense Force airstrip. Arms were said to have been loaded into the craft for its return to Colombia.

Through his legal and illegal activities, American officials said, General Noriega has amassed an enormous personal fortune, much of which is believed to be deposited in European banks. He is reported to own at least two homes in Panama City and one in southern France. As army commander, officials said, General Noriega

has a reputation for being a powerful figure in the country. He is also known for his involvement in the drug trade, particularly in the M-19 as well as for narcotics dealing.

Laundering Money And Shipping Drugs

According to a 1985 assessment of "U.S. Narcotics Control Programs Overseas," published by the House Foreign Affairs Committee, Panama is regarded by American law enforcement officials as a "drug and chemical transshipment point and money-laundering center for drug money."

Panama's banking laws are among the most stringent in the world, permitting secret accounts by individuals and corporations that are virtually free from scrutiny by American law enforcement officials. Additionally, Panama's corporation laws allow companies to be organized with no public disclosure of principals. As a result, Panama has become a world leader in the depositing of illegal profits from drug dealing and other activities.

Cash on deposit at a Panamanian bank can simply be sent by wire to banks in the United States or elsewhere, part of the process known as money laundering, in which the ultimate source of the money is disguised through a series of transactions.

A White House official said the most significant drug-running in Panama was being directed by General Noriega.

"Doing away with the Panamanian connection — in the sense that General Noriega condoned and protects such activity — would put one hell of a dent in the movement of drugs in organized crime," the White House official said. "That's the bottom line."

In the recent interviews, Administration officials depicted General Noriega's current drug function as that of a "facilitator." The officials cited intelligence reports showing that he is a secret investor in companies controlled by a Panamanian businessman and is financially involved in a series of trading companies.

A former White House aide depicted General Noriega's role as being to "facilitate the shipments and pay the pay-offs."

The former aide added: "Noriega doesn't carry the stuff around. They pay him a percentage for protection of the traffic."

General Noriega's involvement in money laundering was similarly described by American intelligence and diplomatic officials as a behind-the-scenes role, with private export companies acting as his agent.

Officials said the United States had intelligence showing that in the early 1980's General Noriega held a major

financial interest in an opium-processing plant that was discovered, according to a House Foreign Affairs Committee investigation in 1983, in operation along the Panamanian-Colombian border.

The Congressional report noted that the laboratory was apparently financed by Colombians along with senior members of the Panama Defense Force whom it identified as a Color Melo.

The colonel and others were arrested by the Panama Defense Force, the report noted, but "none was prosecuted due to lack of evidence." Administration officials said that despite the order's arrest and dismissal from military by General Noriega, he was still living openly in Panama City.

Customs officials have filed criminal indictments in which the role of members of the Panama Defense Force was prominent. In one case, involving a private Panamanian freight carrier, Inair Cargo Airlines, a Federal grand jury returned an indictment charging conspiracy to move "multi-million-dollar shipments" of cash Panama.

According to American officials there is evidence tying General Noriega and members of the Defense Force to a financial involvement in small airline charter company that, operating out of the main airport Panama City, flies weekly money-laundering missions in and out of the United States. The aircraft is met in Panama by an armored truck.

Noriega Reported Linked to a Killing

According to American officials, the Defense Intelligence Agency has uncovered evidence linking General Noriega to the slaying of Dr. Spadafora.

General Noriega has repeatedly denied involvement in the killing.

One White House official who has access to the Government's intelligence reports said "there is no doubt" that General Noriega was directly implicated in Dr. Spadafora's death.

Another official said the intelligence "takes it up to him" — General Noriega — "as the originator of the idea and the planning of it." There is evidence, the official added, that General Noriega was directly involved in the actual torture and slaying of Dr. Spadafora, who was beheaded.

General Noriega is known, according to highly sensitive American intelligence information, to have told "several aides in prior days that 'I was that guy's head,'" the official said. American intelligence officials in Panama are known to have reviewed the Panamanian medical reports of the slaying and confirmed, the official added, that Dr. Spadafora was tortured for six hours while alive.

Another American official, who was in Central America at the time of the slaying, similarly declared that the United States "knows" — he emphasized that word — "that the Panamanian Defense Force did him in; these are people who were working under Noriega."

This official also said, however, that "who gave the order and why it was done in the way it was, we don't know. The possibility cannot be ruled out," he added, that some of General Noriega's associates may have killed him without an express order in order to carry favor with their leaders.

Arms and Illicit Money

United States or Cuba, I frankly think it was the United States that came out ahead" because of General Noriega's reporting, he said.

A Breach of Security: 'Singing Sergeants'

The most disturbing breach of security in General Noriega's relationship with Cuba involved his recruitment of an American Army intelligence sergeant in the mid-1970's. The incident briefly came into public view in the fall of 1977, in a critical period in the Carter Administration's negotiations with Panama on the future of the canal.

Among other details, the sergeant informed General Noriega of the clandestine monitoring of senior Panamanian officials, according to intelligence officials. There were later allegations from American critics of the Panama Canal treaties that the United States had eavesdropped on Panamanian negotiations, had been caught in the process and was being threatened with exposure unless last-minute concessions were made. The Senate Intelligence Committee, after investigating the incident, concluded that there was no evidence that the Panamanians had made any blackmail threats.

The incident became known inside the Carter Administration as the case

of the "singing sergeants," and the breach of security was widely considered to be limited to interceptions of personal conversations, some of them highly embarrassing, by General Torrijos.

Retired N.S.A. officials, in recent interviews, depicted the breach as far more troublesome and one that directly involved General Noriega. In the officials' account, the sergeants began dealing with General Noriega. Transcripts of intercepts of General Torrijos were turned over, in return for cash payments, as well as highly sensitive technical materials, including manuals that described how various N.S.A. systems worked. "Quite detailed N.S.A. documents were given to Noriega" and ended up in Cuba, a former N.S.A. official recalled.

General Noriega enraged some American officers in the late 1970's, according to an intelligence report, when he purchased 10 new American-made automobiles while on a visit to Washington and then, upon his return, turned over the vehicles to the Cuban diplomatic delegation in Panama City.

Many American officials, despite their hostility to General Noriega's involvement in these activities, expressed admiration for his ability to keep his various constituencies — such as the United States and Cuba — at bay. One key to his success, some officials said, was his lack of ideology.

A Supplier of Data To Cuba and U.S.

General Noriega's ties to Cuba have touched off a longstanding debate among intelligence agencies.

The C.I.A. has viewed General Noriega as an invaluable asset since the 1970's because of his willingness to provide intelligence on the Cubans. He later became a valuable source of inside information on the Sandinista revolution in Nicaragua and, informed officials said, has used the Panamanian Embassy in Managua to collect intelligence for the United States.

At the time, it was also known that General Noriega was supplying intelligence on the United States and its activities in Panama and elsewhere to the Cubans.

"The station chiefs loved him," a former American Ambassador to Panama recalled, referring to intelligence agents. "As far as they were concerned, the stuff that they were getting was more interesting than what the Cubans were getting from Noriega on us."

Another American official told of a briefing in Washington at which he was assured that General Noriega was "our man." After the American was posted to Panama City, one of the first National Security Agency intercepts that crossed his desk said that the D.S.G.I., the Cuban intelligence agency, had assured its operatives in Panama that General Noriega was "their man."

One former senior C.I.A. official who served in Panama when General Noriega was chief of intelligence under General Torrijos defended his agency's reliance on General Noriega.

"To me, he was under continuous attack by people who kept saying, 'Look at this with Havana.' But he was G-2," or intelligence. It was General Noriega's job, the C.I.A. official explained, to stay in close contact with Havana.

"As to who had the upper hand — and this was debated for years — the

of Times
6/13/86 p.1

U.S. Aides in '72 Weighed Killing Officer Who Now Leads Panama

By SEYMOUR M. HERSH

Special to The New York Times

WASHINGTON, June 12 — Law enforcement officials in the Nixon Administration once proposed the assassination of Gen. Manuel Antonio Noriega, who was then chief of intelligence in the Panama Defense Force, as a partial solution to that nation's heavy drug trafficking, according to a Senate Intelligence Committee report.

The recommendation was one of a series of options proposed in 1972 for dealing with the officer, who was then a lieutenant colonel. The options were presented to John E. Ingersoll, then the Director of the Bureau of Narcotics and Dangerous Drugs. Mr. Ingersoll, the Senate report said, rejected the option, which proposed the "total and complete immobilization" of General Noriega. A separate Department of Justice investigation also found no evidence that any direct action against General Noriega had been put in motion.

General Noriega is now the army commander of Panama and is widely viewed as the politically dominant force in the country. In an article in The New York Times today, American

intelligence agencies were reported to have evidence that General Noriega is extensively involved in illicit money laundering and drug activities and provided a Latin American guerrilla group with arms.

Pressure for 'Results'

In a telephone interview about the Nixon-era events, Mr. Ingersoll confirmed that he had rejected a staff proposal to kill the Panamanian. He recalled that his agency had accumulated "hard information" that General Noriega was trafficking in drugs and had been frustrated in its attempts to persuade Brig. Gen. Omar Torrijos Herrera, who was then the military strongman of Panama, to take sanctions.

Mr. Ingersoll, who is now a security consultant, recalled that at the same time the Bureau of Narcotics and Dangerous Drugs was under heavy pressure for more aggressive action in international narcotics control from senior officials in the Nixon White House.

Continued on Page 8, Column 3

U.S. Aide in '72 Weighed Killing Panamanian

Continued From Page 1

including John E. Ehrlichman, then the counsel for domestic affairs.

Mr. Ehrlichman, reached at his home in Santa Fe, N.M., acknowledged today that during the Nixon years there was White House pressure on Mr. Ingersoll "to get more results," but he said it was nothing more than that — general pressure. Mr. Ingersoll's most pressing concern, Mr. Ehrlichman said, was Turkey as a source of drugs.

The pressure from the White House and the hard intelligence about the extent of General Noriega's involvement in drug trafficking led Mr. Ingersoll's staff to prepare a set of options to deal with the Panamanian, Mr. Ingersoll said.

The Senate Intelligence Committee, in a 1978 report, said five options against General Noriega, who was described as a "Guardia Nacional official" rather than by name, were "considered" by the Bureau of Narcotics and Dangerous Drugs in the first months of 1972.

The report listed these options:

① Linking the official to a fictitious plot against General Torrijos.

② Seeking information on drug trafficking to the press.

③ Linking his removal to negotiations over the future status of the Panama Canal.

④ Secretly encouraging powerful groups in Panama to raise the issue.

⑤ "Total and complete immobilization."

Senate committee investigators confirmed that the officer referred to was General Noriega, and that the option calling for "immobilization" was a euphemism for assassination.

Period of Tension

One investigator described the evidence obtained by the Bureau of Narcotics and Dangerous Drugs in early 1972 as extensive, and said it showed that the Panamanian intelligence officer "was more powerful than anybody wanted to admit at the time."

The Senate report said the options paper was composed at a period of tension in United States-Panamanian relations that stemmed from the drug agency's efforts inside Panama. Agency officials had arrested a Panamanian official inside the Canal Zone, which was then under American jurisdiction, creating a serious diplomatic incident.

According to the Senate report, the State Department and Panama's intelligence service, which Mr. Noriega ran, then insisted that investigators from the Bureau of Narcotics and Dangerous Drugs not enter Panama without coordinating their activities with the United States Ambassador.

Recalling the atmosphere, Mr. Ingersoll said today that there was "no question" that the extensive, and seemingly protected, activities of Colonel Noriega posed "a problem."

"The only way to deal with him was to go to his leader," Mr. Ingersoll said, adding that he and top aides in his agency responded to the options paper by taking what he called "hard information" about Mr. Noriega's drug dealings to General Torrijos at a meeting in Panama City.

The confrontation also had been urged by the White House, Mr. Ingersoll said. "They would never have instructed me to go visit the head of an allied country without hard information," he added.

General Torrijos responded to the evidence, Mr. Ingersoll said, by "suggesting that something might be done." But no steps were taken against Colonel Noriega, and Mr. Ingersoll said he concluded at the time that "Torrijos was worried about him even then" and that "Noriega was a very dangerous man."

The 1972 options paper emerged during the Senate Intelligence Committee's extensive investigation in the late 1970's into American intelligence activities inside Panama. At issue was whether there were any high-risk American activities that, if disclosed, would endanger or taint the negotiations then being conducted over the Panama Canal treaty.

4 Instances of Plotting Reported

The Committee report also noted that the Department of Justice had investigated the drug agency options paper in 1975 and had concluded that "no illegal activity resulted."

A former senior Justice Department official, reached today, acknowledged that three lawyers, all knowledgeable in national security affairs, had been assigned in the post-Watergate period to investigate four known instances of formal and informal assassination plotting by federal agencies during the Nixon Administration. The department inquiries, conducted in strict secrecy, found "no evidence" in any of the four cases that any action had resulted from the plotting.

It could not be learned what the other three instances were, or how the four cases became known to officials in the Justice Department.

NY Times

6/13/86 p. 8

U.S. IS CONCERNED OVER PANAMANIAN

General Is Linked to Murder,
Illicit Money, Arms Deals,
and Drug Trafficking

By STEPHEN ENGELBERG

Special to The New York Times

WASHINGTON, June 12 — Senior Reagan Administration officials expressed concern today about evidence that the army commander of Panama was involved in drug trafficking and money laundering and was linked to the killing of a political opponent.

Members of Congress and the Administration said they had been aware for some time of the charges against the commander, Gen. Manuel Antonio Noriega, who is viewed as the leader of Panama.

Asked to comment on a report Thursday in The New York Times on the activities of General Noriega, Elliott Abrams, the Assistant Secretary of State for Inter-American Affairs, said, "These are serious charges, but they have been around a long time."

Representative Gerry E. Studds, Democrat of Massachusetts, said he expected the Subcommittee on Western Hemisphere Affairs of the House Foreign Affairs Committee to investigate the charges.

'Well Beyond' Rumors

"There's no question we need to proceed," Mr. Studds said. "The allegations are so comprehensive, so broad and so serious. Clearly we are well beyond the rumor stage and it's time for us to do something."

He added: "We have some really bizarre friends around the world. This is one of the more bizarre."

Secretary of State George P. Shultz, questioned by reporters in Washington, said "activities of that kind are obviously of importance and concern to us."

General Noriega had been visiting the United States, but left this morning for Panama, according to a spokesman at the Panamanian Embassy. He apparently cut short his trip, cancelling plans to attend a graduation ceremony Friday in Washington of the Inter-American Defense College, according to a diplomat familiar with the general's travel schedule.

Panel to Hold Hearings

The chairman of the Senate Foreign Relations Committee, Richard G. Lugar, Republican of Indiana, said today that the panel would hold closed-door hearings on Panama and on allegations of misconduct involving the Nicaraguan rebels. An aide to Mr. Lugar said the hearings were tentatively scheduled for June 23.

Representative Larry Smith, a member of the Foreign Affairs Committee, said a House task force on international drug trafficking would hold hearings on Panama next week. Mr. Smith, a Florida Democrat, said the staff of the Foreign Affairs Committee prepared a report on Panama last year and "it appears things have gone way beyond where we were at that time."

The Reagan Administration and its predecessors were said to have been aware of General Noriega's involvement in activities, including the simultaneous transfer of intelligence to Cuba and the United States. Administration officials said that the United States had been willing to accept his activities because of the privileges granted by General Noriega for military and intelligence operations.

Commenting on The Times's article on General Noriega's activities, the State Department spokesman, Bernard Kalb, said:

"We find these allegations to be disturbing and that examination of these allegations would appear to be a matter for consideration by the Government of Panama."

N.Y. Times 6/13/86 p. 8

Article "D"

Panama Military: Too Deep in Political Trenches?

By STEPHEN KINZER

Special to The New York Times

PANAMA — Diplomats and American officials say they believe that the Panamanian military, which for years has exercised important political power, is becoming entrenched and may not be willing to withdraw from government any time soon.

American relations with Panama have considerably cooled since September, when military officers led by Gen. Manuel Antonio Noriega, commander of the National Defense Force, ousted the civilian President, Nicolás Ardito Barletta.

But the United States, which has 20,000 troops stationed in Panama, is anxious not to disrupt its friendship with the military, according to diplomats and political activists.

"You Americans are in a bit of a dilemma," a European Ambassador said. "You'd like to see a return to democracy here, but the question is how. Noriega knows there are vital interests here that have to be protected, and he's using a bit of blackmail."

U.S. Aid Sent Elsewhere

As the United States disavows any role in the Panama crisis, officials said, aid to Panama is foreign aid and cannot be used for military purposes. The United States will be "reprogrammed" to Guatemala, where the military has just assumed power.

General Noriega, 47 years old, acknowledged his role in his relationship with Washington but said they were not perfect.

"There have been options and criticisms," he said, "and often there is an excessive readiness to accept the command of the opposition."

The United States and Panama are "each other," he continued. "The United States cannot change its policy to suit the ego of certain functionaries, and Panama cannot get into a fight with the United States in response to their complaints. The United States has certain strategic priorities in this region, and Panama is a part of that."

Most of the American troops based in Panama are attached to the Army's 18th Infantry Brigade. There is also a complex of United States Navy and Air Force installations along the Panama Canal. According to William Orinbee, a military spokesman, American commanders in Honduras are directed from here.

Growing Frustration Seen

Although Panama is a traditionally peaceful country, there appears to be growing frustration among some groups as to what is seen as the military's reluctance to retire from politics.

With more than 60 percent of the work force unemployed or underemployed, the country's economic condition is becoming a more urgent political issue.

The central bank is facing liquidity problems, according to bankers. They said some of Panama's recent interest payments on its \$2.5 billion foreign debt had been made several days late.

Public criticism of the military often focuses on allegations of corruption. Diplomats, religious leaders and businessmen said they believed the reports were well-founded.

In the face of rising labor discontent and the Government's growing fiscal problems, politicians and diplomats here said they believed further changes in the Government were possible. Panama has had five presidents in the last 43 months.

According to diplomats, General Noriega played a decisive role in the

decision to oust Mr. Barletta, the elected President. Associates of Mr. Barletta said in interviews that he stepped down only after a 14-hour consultation with General Noriega and other officials. He refused to resign formally, instead signing a letter in which he said he was "separating myself from power."

After the ouster, Eric Arturo Delvalle, who had been First Vice President, succeeded to the presidency with the mandate of filling out Mr. Barletta's term, which runs until 1989.

United States officials, especially Ambassador Everett Ellis Briggs, had strongly backed Mr. Barletta and were angered by his ouster. During his showdown with the military on Sept. 17, Mr. Barletta received a telephone call from Assistant Secretary of State Elliott Abrams assuring him of American support and urging him to resist military pressure.

General's 'Coordination'

In a speech in Panama soon afterward, Ambassador Briggs pointedly noted that democracy required "the rejection of arbitrary authority from above or from the military."

"We in the Americas have seen the failures of oligarchic and military dictatorships," he said in what was widely taken as a reprimand to General Noriega. "We have seen how runaway corruption and abuse of power opened the door to Communism."

In an interview last month, General Noriega said Panama was being administered by "a coordination between the civilian Government team and the

defense forces."

"After 1989, the defense forces will begin to diminish their political presence," he said. "The defense forces have a good image in the lower middle classes and in the countryside. People want us to maintain our current role."

When Mr. Barletta was running for president in 1984 as the candidate of a coalition dominated by the military, he repeatedly said he looked forward to governing without undue interference.

But officials who served in his Government said in interviews that the military had insisted on being consulted before the President made key decisions such as choosing an economic policy or a Cabinet minister.

"Barletta would go out to dedicate a new road and find Noriega already there taking credit for it," a diplomat said.

Mr. Delvalle, the new President, has been able to cooperate with the military-dominated political coalition, but sides with General Noriega's associates continued to exercise broad review of presidential actions.

Killing of Ex-Official Cited

The military decision to remove Mr. Barletta after he had served less than a year in the presidency came soon after the mysterious killing of a former Government official from a prominent family who had become a critic of the military. There were immediate accusations that the military was involved in the killing of the former official, Dr. Hugo Spadafora, and the accusations gathered strength when Mr. Barletta was ousted as he was about to name an



The New York Times

Gen. Manuel Antonio Noriega, commander of the National Defense Force in Panama, inspecting a truck belonging to the Ministry of Public Works.

investigating commission.

General Noriega recently repeated military denials of involvement in the killing.

The political opposition is demanding that the military withdraw from politics and join the hemispheric trend away from army rule.

General Noriega, however, said installing a junta or calling new elections, both of which are options being discussed in political circles, would "create disorder." He described Panama as a functioning democracy and said he expected President Delvalle to serve until 1989.

Soviet Liner Runs Into Rocks And Sinks Off New Zealand

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2 Panamanians missing in Colombia

PANAMA — Former Defense Forces Chief Gen. Ruben Darío Paredes said Monday his 25-year-old son had been kidnapped in Medellín, Colombia, and was missing, along with the one-time personal pilot of Panama's present military head, Gen. Manuel Antonio Noriega.

Government-run newspapers here have suggested the kidnappers are drug traffickers.

Paredes said he had wired to Colombian President Belisario Betancur, asking for help in locating the missing men.

In a related incident, police have impounded a Panamanian yacht and arrested its three-person crew on the Colombian island of San Andres after finding 305 kilograms of cocaine aboard. The yacht belonged to Paredes' missing son until March 12, when Paredes said it had been sold.

Paredes commanded the Defense Forces from 1981 until August 1983, when he resigned to mount an unsuccessful try for the presidency. In an interview Monday at his office in a waterfront apartment building, Paredes said he could not explain why the kidnap and the drug bust had come in the same week.

Panama's political opposition routinely accuses Defense Force officers of involvement in regional drug traffic but little direct evidence has emerged to support the charges.

Panama's morning daily Critica, considered a mouthpiece for the Defense Forces, suggested the Medellín kidnapping was an internal squabble among drug traffickers.

U.S. officials are extraordinarily sensitive to suggestions of Defense Forces involvement in regional narcotics traffic because of Panama's critical importance as a key regional military ally. U.S. Drug Enforcement Agency officials in Panama refuse to give interviews.

Missing for 11 days were Ruben Paredes Jr. and pilot Cesar Rodríguez. Paredes Jr. had been in the "export-import" business here with his younger brother Amed Paredes, 34, their father said.

Paredes said his son flew with Rodríguez to Medellín on March 11. The two stayed two nights in the downtown Nutibara Hotel, then disappeared the night of March 12.

(Indicate page, name of newspaper, city and state.)

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Santa Cruz Journal

Ex-Contra Is Exiled To Fishing

By JAMES LeMOYNE

Special to The New York Times

SANTA CRUZ, Costa Rica, June 28 — Having trawled through a revolution and a counterrevolution in the last decade, Edén Pastora Gómez, the former Sandinista and contra commander, is casting a shorter line these days.

The man who recently led armies has become a fisherman. It is an act of characteristically Biblical resonance by the former guerrilla commander, whose rhetorical parries and grand gestures always seem more allying than his maneuvers on the battlefield.

"The only thing they've said about me that is true is that I am uncontrollable and indomitable," Mr. Pastora said with typical modesty in a day-long talk on the beach near this Pacific coastal town. "I played a political role and I am satisfied with it — I offered a third way when the great forces were in confrontation."

Aided by Cuba and the C.I.A.

Recent years have provided an eventful voyage for Mr. Pastora. In the topsy-turvy world of Central American revolution, he holds a distinction of having been aided by both Cuba and the Central Intelligence Agency, having commanded both Sandinista soldiers and contra rebels — only to end, probably inevitably, by infuriating each of his former allies in Managua, Havana and Washington.

In the period when modernizing armies, bureaucratizing governments, ideological sectarianism and great power edicts have finally come to stay in Central America, Mr. Pastora may be the last of a near extinct species: the guerrilla leader who commands through sheer charisma and character — with all the curses and blessings such personal rule implies.

Today, at the age of 50, he boasts that he has sired 21 children and indicates he would not mind having more.

Under the code name "Comandante Zero" he helped bring about the Sandinista insurrection and the world's imagination by seizing Nicaragua's national palace and humiliating the dictator Anastasio Somoza Debayle.

A Nationalist Revolutionary

But disaffected with what he said was the Sandinistas' slide to Marxism, Mr. Pastora soon turned against them. He declared himself to be a truly nationalist revolutionary and he found C.I.A. backing. By the end of 1983, he was leading perhaps 3,000 contra rebels against his former com-



Edén Pastora Gómez, right, former rebel commander, talking with fishermen near Santa Cruz, Costa Rica.

rades in Managua.

It may have been Mr. Pastora's last sortie after almost 20 years as a guerrilla. A bomb nearly killed him in 1984 at a time when he was in a bitter power struggle with the C.I.A., which insisted that Mr. Pastora unite with the American-backed and far more right-wing contra army in Honduras.

Mr. Pastora survived the bomb blast with severe burns, but the C.I.A. cut off his funds and his rebel force disintegrated. The bomber has never been found, but Mr. Pastora now says he believes the attack was mounted by ultra right-wingers with the backing of the C.I.A., a charge American officials deny.

Criticized for Lacking Discipline

Mr. Pastora also charges that the C.I.A. does not understand how to mount a guerrilla war that depends on developing popular support.

But Mr. Pastora himself is often criticized by his own former followers for lacking discipline, for being unable to administer an army or delegate authority and for allowing the Sandinistas to infiltrate his army. His personal secretary and companion was a Sandinista agent who published her story on returning to Managua.

But in other ways Mr. Pastora appears to have maintained standards absent in other contra rebel leaders, who received houses and as much as \$120,000 a year from the United States Government. Mr. Pastora claims he repeatedly refused C.I.A. offers to give him a salary and a house in Miami because he says he feared being bought.

He contends that after he bitterly parted ways with the C.I.A., Assistant Secretary of State Elliott Abrams offered him \$1.5 million if he would agree to travel the world as a political spokesman for the Nicaraguan opposition. A State Department official denied that Mr. Abrams ever promised Mr. Pastora the money, but said they did discuss Mr. Pastora's "playing a political role" in the opposition.

Mr. Pastora is just as scathingly critical of the Sandinistas. He charges that they concealed their Marxist program from the Nicaraguan people and systematically violated their promises to respect freedom of the press, political pluralism, and not to ally themselves with Cuba and the Soviet Union.

There are still reminders here of Mr. Pastora's days of intrigue. Some of the boats and radios supplied by the C.I.A. to wage war are used for daily fishing expeditions. It is an unlikely sight to see the commander wading in the surf in a pair of cut-off shorts in search of red snappers, but Mr. Pastora seems to enjoy it. A handful of his former guerrillas work with him.

Verbal Shorthand of Combat

Though they are now living in peaceful exile, some of the old habits of the battlefield linger on. When a reporter telephoned and asked to speak to Mr. Pastora, one of his fishermen answered in the verbal shorthand of combat radio communications.

"Positive, the commander is present," the fisherman barked over the telephone. "Do you read me?"

"Yes, I read you," the reporter replied. "Could you tell Mr. Pastora

that I'm coming to see him?"

"I will investigate the commander's current disposition and return to report," said the fisherman.

The conversation ended with another "positive," a final "do you read me?" and then a concluding "over and out."

Status of a Folk Hero

Such antics appear to amuse local Costa Rican fishermen who meet Mr. Pastora and his men. Mr. Pastora is extremely well known here, seeming to have achieved the status of a folk figure.

But even in a quiet Pacific cove, the politics of the region are never far away. Mr. Pastora says the Sandinistas sent a representative earlier this year to explore the possibility of his returning to Managua. It would be a profitable gesture for the Sandinistas to have the one critic they cannot easily dismiss, a man who helped them win the revolution, return and ask for pardon.

"I told them I was too old to carry out the role of a fool," Mr. Pastora said. "I told them that if Managua does not rectify itself, there is no way to save this revolution — they answered that it sounded like I was still a contra."

But Mr. Pastora seems to have enjoyed being courted again and he appears convinced that some way or other the unpredictable future of Central America will still offer him a larger role to play just as he has found in the past.

"They're nibbling," he said with a twinkle in his eye, referring to his recent visit from Managua. "I'm fishing."

7/2/87

p.5



Tear gas being used against demonstrators as the police broke up a rally yesterday in Panama City.

U.S. Lashes Out at Panama's Military Rulers

Continued From Page 1

has steadily grown since the Panamanian Government declared a state of emergency last month after two days of anti-Government demonstrations.

According to reports from Panama, thousands of Panamanians took to the streets to demonstrate against the United States on Tuesday soon after the Government lifted the 19-day state of emergency, which had suspended key constitutional guarantees.

Embassy Building Stoned

Rómulo Betancur, chairman of the Democratic Revolutionary Party, the leading party in the Government coalition, and several Cabinet ministers led the protest against what they called American meddling in Panamanian affairs because of opposition in the Administration and Congress to restrictions on civil liberties.

At the American Embassy, demonstrators painted slogans on the walls and stoned the main building and cars in the parking lot. No injuries were reported.

Some demonstrators chanted, "Davis, get out of here!" referring to the United States Ambassador, Arthur Davis. Panama's National Assembly approved a non-binding resolution early Tuesday calling for Mr. Davis's expulsion.

In his statement today, Charles A. Redman, the State Department spokesman, said Panama had apparently lifted the state of emergency not for the purpose of restoring civil liberties, but "primarily to orchestrate a demonstration against the U.S. Embassy."

Police protection was withdrawn from the embassy shortly before the

crowds reached it, according to Mr. Redman.

The United States will close the United States consular section and the United States Information Service library in Panama, Mr. Redman said. They will be reopened only when Panama "offers guarantees of appropriate protection."

Another official said that the United States is also contemplating a cutoff of economic aid to Panama until there is "some recompense" for damage to American property.

The demonstrations were prompted in part by a United States Senate resolution approved last week urging a return to democratic rule in Panama. The resolution also called for the ouster of General Noriega pending an investigation into charges of corruption, election-rigging and political assassination.

In his speech to the Washington World Affairs Council, Mr. Abrams called on Panama's military leaders to "remove their institution from politics, end any appearance of corruption and modernize their forces to carry out their large and important military tasks" in defending the Panama Canal.

The call on Panama's military to stop corruption was interpreted as an indirect reference to drug smuggling. Although Administration officials have privately expressed concern about suspected drug trafficking by the military, Mr. Abrams's remarks are believed to be the first time an American official has publicly referred to such corruption, albeit obliquely.

Noreiga Foes Demonstrate Again

PANAMA, July 1 (Reuters) — Anti-Government protesters returned to the streets today to call for the ouster of General Noriega.

About 3,000 university and high school students, chanting slogans, tried to march peacefully this morning on the presidential palace. The demonstrators fled about seven blocks from the palace when a small group of men in civilian clothes fired at them with handguns and tear gas grenades, witnesses said.

About an hour later some 500 rock-throwing students attacked the headquarters of Democratic Revolutionary Party, which is a leading member of Panama's military-backed coalition Government.

"All the News
That's Fit to Print"

The New York Times

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NEW YORK, THURSDAY, JULY 2, 1987



Sam, South Korean opposition leader, visiting an injured officer, Kim Oh Tong, at a hospital yesterday in Seoul.

U.S. Berates Panamanian Regime In Pressing for Democratic Rule

By ELAINE SCIOLINO

Special to The New York Times

WASHINGTON, July 1 — In an effort to bring pressure on Panama's military to allow democratic rule, the Reagan Administration has lashed out in the past 24 hours against the leadership of Gen. Manuel Antonio Noriega.

Today the State Department charged that the Panamanian Government had helped organize demonstrations on

Tuesday against the United States Embassy.

The statement, protesting the incident "in the strongest possible terms," followed sharp criticism of General Noriega by Administration officials and the United States Congress.

Against a background of street demonstrations against the Noriega leadership that occurred again today in Panama, Elliott Abrams, Assistant Secretary of State for Inter-American Affairs, delivered a sharp speech Tuesday to the Washington World Affairs Council.

'Unmistakable Involvement'

Officials called the speech the Administration's harshest official rebuke of General Noriega, Panama's de facto leader and the head of Panama's Defense Forces, and one that reflects growing impatience with his leadership.

An aide to Mr. Abrams suggested that the speech was intended to send a message to General Noriega that the moment for democracy in Panama had come and that the general was clearly "an obstacle" to that process.

That speech was followed by a State Department statement this noon accusing Panama of "unmistakable involvement" in demonstrations Tuesday that caused substantial damage to American Embassy property in Panama.

Tension between the two countries

Continued on Page 5, Column 2

STRICT RULE ASKED FOR INCINERATORS

Threat to Health Is Cited by
Environmental Agency

By PHILIP SHABECOFF

Special to The New York Times

WASHINGTON, July 1 — The Environmental Protection Agency today proposed tighter Federal controls on garbage incinerators and issued a study that pollution from such incinerators can cause cancer and other illness.

Under the proposed rules, all new municipal incinerators would be required to install "the best control technologies" to reduce the amount of pollution that emerges from incinerator stacks. That would mean the installation of devices that scrub pollutants out of the fumes before they emerge from the smokestack.

Operators of incinerators would also

...and, right, hitting the final buoy on the course as Stars & Stripes, under the direction of Denals Conner, ...ed the challenger's series and won the right to face an Australian boat in the America's Cup final.

RE-ENTRY FINAL AMERICA'S CUP

Has Chance to Regain
Physically Lost to Australia

By BARBARA LLOYD
Special to The New York Times

MANTLE, Australia, Jan. 19 — Conner, who lost the America's Cup to Australia in 1983, got his chance at regaining the most prestigious trophy back to the United States when he defeated New Zealand today in the final.

The 44-year-old Conner and his sea-Stars & Stripes crew defeated the New Zealand crew by 1 minute 29 seconds, in a 4-1 victory in the four-of-a-kind series for the Louis Vuitton

Conner said that the defeat of New Zealand was satisfying, but not as satisfying as bringing the America's Cup back to the United States would be. "But the real goal is still to win the cup. We can't let down now. We have to win. We are up against a formidable package in the Australian. They got a tremendous out of winning the cup, and not going to let it go easily." Bond's syndicate, which won the cup in 1983, is struggling for survival in the defender's trials. Bond's syndicate will race today at 1:13. The victory

Continued on Page 23, Column 5

Crews Flying Arms to the Contras Are Said to Have Smuggled Drugs

NY Times *Special to The New York Times* 1/20/87 p.1

WASHINGTON, Jan. 19 — Federal drug investigators uncovered evidence last fall that the American flight crews covertly ferrying arms to the Nicaraguan rebels were smuggling cocaine and other drugs on their return trips to the United States, Administration officials said today.

When the crew members, based in El Salvador, learned that Drug Enforcement Administration agents were investigating their activities, one of them warned that they had White House protection, the officials said.

Recent Congressional investigations have shown that the covert arms-supply operation was set up and managed with significant direction from Lieut. Col. Oliver L. North, the National Security Council aide who was dismissed in November. The flight crew member in El Salvador used Colonel North's name, officials said.

No Interference Reported

The crew member's warning, made after investigators had searched his house in San Salvador for drugs, caused "quite a stir" at the Hopango Air Base, where the covert contra supply operation was based, said an American official familiar with intelligence reports on the matter. But the incident did not attract wider attention at the time and Federal narcotics investigators continued their work, apparently without any interference from the White House or elsewhere, Drug Enforcement Administration officials said.

Several Congressional, Administration and drug enforcement officials said that, to date, they had found no evidence that Colonel North or anyone else in the White House interfered with the drug investigation or were even aware of it. Officials have concluded that the crew member's warning was probably a bluff.

The officials also say the evidence suggests that the drug smuggling was "a freelance operation" carried out for the personal profit of the flight crews, not for the benefit of the contras or anyone else. Several unrelated Government investigations have suggested

Continued on Page 6, Column 5

...move is that the Iranian attacks ... come at night. Previous Iranian attacks were conducted by airplanes and helicopters during the day. Gulf shipping could anchor safely at night because of the Iranian Air Force's inability to find ships in the darkness.

High-Explosive Missile

In the fighting in the Gulf war today, Iranian troops appeared to be solidifying their foothold near the Iraqi city of Basra, according to United States officials. Iran reported that its troops had advanced across a small river about six miles east of Basra and that they had seized islands in the Shatt al Arab Iraq, in its own communiqués, said it had repulsed several Iranian attacks (Page 4.)

The Sea Killer is a ship-launched surface-to-surface missile about three feet long with a high explosive warhead.

Two of the vessels hit by Sea Killers were reportedly in the territorial waters of the United Arab Emirates while the other was in Omani waters. All the ships were said to have been sailing from Kuwait, which sup-

Continued on Page 4, Column 4

Ecuador General Denies Role In Taking President Hostage

By JOSEPH B. TREASTER
Special to The New York Times

QUITO, Ecuador, Jan. 19 — A rebellious air force general, freed from custody in exchange for the release by kidnappers of Ecuador's President, denied today from hiding that he had directed the hostage-taking and said he hoped to campaign for the presidency next year.

The officer, Lieut. Gen. Frank Vargas Pazzos, dropped from sight over the weekend after President León Febres Cordero was seized by commandos at an air base on Friday and held hostage for 12 hours.

A Promise Made While a Hostage

Today, General Vargas, speaking to reporters in the living room of one of several houses in which he said he has been hiding in the port city of Guayaquil, said he had gone underground because "the guarantees were not clear" that he and the insurgents would receive an amnesty promised them by the President.

Mr. Febres Cordero made the promise while he was a captive. While being held, he has since said, he was beaten and threatened with execution.

The reporters were brought to the

general's hiding place at night by a driver who sped through the dark streets of Guayaquil in a circuitous route designed to frustrate any pursuit.

In the interview, the general said he thought President Febres Cordero who has called the general a traitor and ridiculed his manhood in his home

Continued on Page 4, Column 1

Baryshnikov Is Invited by Bolshoi to Visit Soviet Union and Dance

By JACK ANDERSON

Mikhail Baryshnikov, the Russian star whose defection in 1974 to the dance world, has been invited to return to the Soviet Union to be a guest at the Bolshoi Theater. The artistic director of the theater said here yesterday.

Mikhail Baryshnikov will be dancing at the Bolshoi Theater, the director, Igor Yevlakhov, said. "We're in the process of resolving the details, and we have an agreement. It's not as easy to answer a question as to

Would Be a First

Mr. Baryshnikov accepted, he would be the first major defector to return to the Soviet Union and perform officially. Mr. Grigorovich said, "We're in the process of resolving the details, and we have an agreement. It's not as easy to answer a question as to

Baryshnikov, now artistic director of the American Ballet Theater, has danced widely in the West and also appeared in movies, including "White Nights," in which he portrayed a famous Russian dancer who had defected and was detained in the Soviet Union after a plane crash.



Mikhail Baryshnikov in scene from the film "White Nights."

of Leningrad, then 26 years old, he was considered the foremost talent in Soviet ballet to emerge since Rudolf Nureyev. He had studied with the

INSIDE

O'Connor's Trip Reassessed

Jewish leaders met for three hours with John Cardinal O'Connor and reconsidered their criticism of his trip to the Middle East. Page 13.

New Head of Knopf Named

Ajay Singh Mehta, the director of Pan Books in London, will succeed Robert A. Gottlieb as president and editor in chief of Alfred A. Knopf. Page 21.

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Classified Ads and Auto Exchange, Page 12

FINANCIAL: AN EVENT WHOLE TIME HAS COME... for financial services industry executives. New York... back had studied with the



NATION CELEBRATES HOLIDAY

Rev. Hosea Williams leading a prayer at the grave of the Rev. Dr. Martin Luther King Jr. From the right were Secretary

Chinese College

By EDWARD A. GARGAN
Special to The New York Times

BEIJING, Jan. 19 — Fang Lizhi, an educator who was dismissed as a university vice president a week ago for advocating free expression and democracy, was expelled today from the ruling Communist Party after being accused of instigating student protests.

The ouster of Mr. Fang, who is an anthropologist and a member of the Academy of Sciences, comes during a campaign

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The New York Times

William S. Cohen predicted investigations would find sign policy implications ghed any criminality.



The New York Times

Representative Lee Hamilton: "You invite confusion and chaos when you privatize American foreign policy."



The New York Times

Senator Daniel Patrick Moynihan said the shift away from formal foreign policy channels was the work of forces who who believe "it's necessary to circumvent the Government."

tration, having lost the vote in press, appealing directly to the he asked.
want to be a great power on the Mr. Abrams said. "No Admin- wants to undertake unpopular In the case of Central America, nistration did want to under- at responsibility, but we were by the Congress. But there lot of Americans who felt that s such an enormous danger to ntry that they were willing to heir own. As long as they didn't the Neutrality Act or the Arms Control Act, how can anyone t what they did was wrong?"
aws Restricting Actions
Neutrality Act prohibits Amer- itizens from financing or oth- ering part in military activities l. The Arms Export Control Act es American control of all ns sold or given to foreign gov- nts or groups by American citi- or commercial manufacturers. Abrams said that a major reason reumventing Congress was what led its propensity to divulge con- ial information.
nistration officials also note the Central Intelligence Agency used non-Government personnel

omemade Rockets Fired t a Police Station in Tokyo

IKYO, Jan. 19 (AP) — Three amade shells fired from a van shed into a five-story police station and broke seven windows tonight, no one was hurt, a police official
ie official said the three shells hit a of the building and exploded.
o said investigators found three chers inside a white van in a park- lot about 75 yards from the Fuka- a police station in southeastern yu.

and companies to carry out its mis- sions. Critics contend that even so, they generally were not used to manage, di- rect and evaluate covert operations, as they believe was the case in the Iran- contra operation.
Private individuals who have been identified to congressional committees and by the press as aiding the Nicar- aguan rebels include John K. Singlaub, Richard V. Secord and Harry Alder- hoit, all retired generals; Thomas G. Clines, a former top official of the Central Intelligence Agency; Robert L. Dutton, a retired Air Force colonel; and Robert Owen, a former State Depart- ment consultant.
Private groups that have aided the Nicaraguan rebels include Southern Air Transport, the United States Coun- cil for World Freedom, the Nicaraguan Freedom Fund, the Nicaraguan Refu- gee Fund, Americanes and the Chris- tian Broadcasting Network.
Senator Patrick J. Leahy, Democrat of Vermont, noting the United States' involvement in recruiting these indi- viduals and groups, said, "The open courting of General Singlaub and his groups — I've never seen anything like it."
"The active fund-raising among wealthy people to back these programs — I think it's unprecedented," the Senator added.
He said the use of the groups was in- tended to enable the Administration to deny a guiding policy role, thereby defying Congress.
"Privatization is simply an excuse to pretend we don't know what's going on," Senator Leahy said. "There seems to be more and more of a feeling that, 'Gee, we really want to do something to help the contras, but don't tell me what you're doing because I'm not supposed to know. But a good time to land at that airport is between the hours of 9 and 9:30, and use this radio frequency.'"
Mr. Abrams acknowledged that the Administration had encouraged pri- vate citizens to help the rebels, saying, "I don't think there's any doubt that we thought it was the right thing to do."

Crews Flying Arms to the Contras Are Said to Have Smuggled Drugs

Continued From Page 1

but never proved that the contras themselves smuggled drugs to raise cash for their war effort.
Still, early this month, word of this incident began circulating in the White House and in other Government agen- cies, and some senior officials became "very, very worried that Ollie really had stopped that investigation, and this would be the next big scandal" in the evolving Iran-contra affair, a former White House official said, using Colonel North's nickname.
"Word Has Just Come In"
An official at another Federal agency said last week, "Word of this has just come in to the very senior people."
The officials' concern increased in light of the recent disclosure that Colonel North had told the Federal Bureau of Investigation last October to stop in- vestigating Southern Air Transport, the Miami air-freight company in- volved in the contra supply operation and in the Iran arms deals. At that time, Colonel North told the F.B.I. that the investigation would jeopardize ne- gotiations for the release of the Amer- ican hostages in Lebanon.
Officials also realized that if the new charge proved to be true, the White House could be accused of trying to stymie a drug-smuggling investigation at the same time last fall that Presi- dent Reagan and other senior officials

were carrying out a major, public anti- drug campaign.

As a result, intelligence officials from several agencies were asked this month to investigate the matter.

Officials from several agencies said that by early last fall the Drug En- forcement Administration office in Guatemala had compiled convincing evidence that the contra military sup- ply operation was smuggling cocaine and marijuana. The Guatemala office is responsible for El Salvador.

After dropping arms in El Salvador, rather than returning to the United States in empty cargo planes, the pilots stopped on occasion in Panama, a major drug transshipment center, to pick up cocaine or marijuana.

Drug enforcement officials will not describe the evidence they uncovered demonstrating that the smuggling was occurring. But the Drug Enforcement Administration says no Federal agency interfered with the investiga- tion.

On Oct. 4, a short time after the crew member warned the investigators that he had protection from Colonel North, one of the contra supply planes crashed inside Nicaragua, and a crew member, Eugene Hasenfus, was captured by the Sandinista Government. As a result, the supply operation folded, and the crew members scattered.

Inquiry No Longer Pursued

Although the drug investigation was not officially closed, it was no longer actively pursued. "It was not one of the big smuggling rings anyway," a drug enforcement official said.

An investigator with the Tower com- mission, the special panel President Reagan appointed to examine the Na- tional Security Council, asked drug en- forcement officials about the case re- cently. And the House Foreign Affairs Committee, as part of its hearings on the Iran-contra affair last year, studied the drug smuggling allegations, com- mittee sources said.

These and related inquiries brought the incident to the White House's atten- tion.

Although investigators have found no evidence that the crew member's statements last fall were true, Con- gressional investigators said the inci- dent will be studied again as one part of the larger Iran-contra investigation this year.

New Soviet Submarines Are Reported by U.S.

Special to The New York Times

WASHINGTON, Jan. 19 — The Soviet Union has completed the construction of two new missile-carrying subma- rines, according to Government intelli- gence reports.

Officials said that the new subma- rines, a Typhoon and a Delta IV, are ex- pected to undergo sea trials in the spring or summer.
Unless the Soviet Union dismantles existing submarines, it would exceed one of the limits of the unratified 1979 strategic arms treaty. An official said the Soviet Union had "plenty of old subs" that it could dismantle if it chose.

The Soviet Union has said that it will not exceed key treaty limits for the time being. The United States exceeded a treaty limit in November by convert- ing its 131st bomber into a plane capa- ble of carrying cruise missiles.

Administration officials generally believe that the Soviet SS-24 land-based missile will pose the first test of whether the Russians intend to keep the treaty limits.

The missile has not yet been de- ployed. The deployment of more than a few of these missiles would push Moscow over the limit of 820 on the number of land-based missiles with multiple warheads unless it dismantles other land-based missiles with multiple warheads.

The United States says that the Soviet Union currently has 818 of this type of missiles.

Casey Is Reported Stable

WASHINGTON, Jan. 19 (AP) — Wil- liam J. Casey, the Director of Central Intelligence, who has been hospitalized for more than a month, remains in stable condition recovering from sur- gery for brain cancer, Georgetown Uni- versity Hospital officials said today. A hospital spokesman said there had been no change in Mr. Casey's con- dition since last week, when he was re- ported in stable condition, but experi- encing speech difficulties and weak- ness on his right side.

U.S. Inquiry on Prelate Is Asked by Nicaragua

WASHINGTON, Jan. 19 (AP) — The Nicaraguan Embassy here said today that Ambassador Carlos Tunnerman would ask the United States to invest- gate the assault in Miami on Cardinal Miguel Obando y Bravo, the Roman Catholic Primate of Nicaragua.

An embassy spokesman said that Ambassador had offered assistance the prelate and had expressed "the piation of the Government of Nica- gua of this deplorable crime against Nicaraguan citizen of high ecclesi- astical office and bearer of a Nicaraguan passport."

The Cardinal, who is a critic of the Nicaraguan Government, was saulted and robbed by three gunn- minutes after arriving at the home- relatives in Miami, the police said.

He was robbed of personal church documents as well as mo- He was hurt in the arm and chest the injuries were described as mint

According to the police, six othe- the home were robbed of money jewelry.

The Cardinal, who has been on t- vate visit in Miami, has been acci- the Sandinista Government of r- violations, trying to suppress Roman Catholic Church and att- ing to install a totalitarian syste

(Indicate page, name of newspaper, city and state.)

(Mount Clipping in Space Below)

Drug probe in Tampa may be tied to Noriega

WASHINGTON — The FBI is investigating drug-trafficking allegations in Central Florida involving Gen. Manuel A. Noriega, Panama's military chief and de facto leader, government sources said Wednesday.

The inquiry, the second such investigation of Noriega, is based on confidential informants in Tampa and is focusing on alleged incidents that date back several years, said the sources, who refused to be named.



NORIEGA

In Miami, the Drug Enforcement Administration (DEA) already is investigating allegations that Noriega helped launder drug profits and protect traffickers' shipments that moved through Panama en route to Miami. That investigation is collecting "every snippet they have on the guy, including accepting bribes for looking the other way on narcotics loads," said an official familiar with the DEA inquiry.

Details were not available on the allegations being investigated by FBI agents in Tampa. A source familiar with the investigation said only that it was a separate case and "more preliminary."

The expanding drug inquiries into Noriega's activities are further straining relations between the United States and Panama and adding to the pressure on the Panamanian leader to step down. The State Department recently called for new elections and a return to full civilian rule in the country.

Adolfo Arrocha, charge d'affaires for Panama's embassy in Washington, said he knew nothing about the FBI's Tampa investigation. "While it is ongoing, what can I say? We will have to wait to see what comes of it — if anything," Arrocha said.

Noriega has denied participating in criminal activity.

A Department of Justice official said it is unclear whether the two probes eventually may be merged, but another source noted that Associate Attorney General Stephen S. Trott found it necessary at a recent department meeting to "referee" investigative actions regarding Noriega by the FBI and DEA.

Some DEA officials, meanwhile, are known to have mixed feelings about their Noriega investigation, contending that he has provided crucial information to the drug agency about traffickers with whom he allegedly has fallen out.

"The DEA would rather live with Noriega, given the alternatives," explained one source familiar with the agency. "If someone doesn't give him the payoff he wants, he sics the DEA on them."

"DEA, especially those on the scene, believe there are more benefits than negatives from dealing with Noriega," one official said.

DEA agents in Miami had been "monitoring" Noriega's alleged drug-related activities for at least two years, one source said, but their work was not regarded as a full-scale investigation until a July 16 meeting at the Department of Justice.

The second investigation came to light as a Panamanian official protested the *Los Angeles Times* Aug. 4 account disclosing the Miami-based DEA investigation of Noriega.

Santiago Torrijos, Panama's consul general in Los Angeles, said that the account "is completely false and distorts the truth and cooperative nature of the relationship" between his country and the Department of Justice and the Drug Enforcement Administration.

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LOS ANGELES, CA
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Date: August 13, 1987
 Edition: THE PHILADELPHIA INQUIRER
 PHILADELPHIA
 PAGE 5-A

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Indexing:

FBI studies drug charges against Panama leader

By Ronald J. Ostrow
 Los Angeles Times

WASHINGTON — The FBI is investigating drug-trafficking allegations in northern Florida involving Panamanian strongman Manuel Antonio Noriega, the second investigation of Panama's defense chief by federal agents, government sources said yesterday.

The inquiry, based on confidential informants in Tampa, Fla., is focusing on alleged incidents that date back several years, said sources who refused to be identified.

In Miami, the Drug Enforcement Administration is investigating allegations that Noriega helped launder drug profits and protect traffickers' shipments through Panama en route to Miami. That investigation is collecting "every snippet they have on the guy, including accepting bribes for looking the other way on narcotics loads," said an official familiar with the DEA inquiry.

No details could be learned on the allegations being investigated by FBI agents in Tampa. A source familiar with the investigation said only that it was a separate case and "more

preliminary."

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Adolfo Arrocha, charge d'affaires for Panama's embassy in Washington, said he knew nothing about the FBI's Tampa investigation. "While it is ongoing, what can I say? We will have to wait to see what comes of it — if anything," Arrocha said.

Noriega has denied participating in criminal activity.

DEA agents in Miami had been "monitoring" Noriega's alleged drug-related activities for at least two years, one source said, but their work was not regarded as a full-scale investigation until a July 16 meeting at the Department of Justice.

At that meeting, it was decided to "pull together all we had on him to see if it was prosecutable," the source said. Investigators have indicated that no indictments are imminent.

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Backing Away from a Latin Dictator

Panama's Noriega becomes an embarrassment for Washington

Even by the old standards of Latin American despots, Panama's strongman General Manuel Antonio Noriega is no slouch. He has been accused of drug running, money laundering, election fraud and helping to steer restricted American technology to the Cubans and Soviets, not to mention repressing his own people. Yet Noriega, the Commander of the Panama Defense Forces and de facto dictator since 1983, has been adept at exploiting his country's strategic position. Although he openly cuddles up to Havana, he has long enjoyed a cozy relationship with the CIA, and his country plays host to the headquarters of the 10,000 troops of the U.S. Southern Command.

Thus it seemed that Noriega could always count on U.S. support, suffering at worst an occasional diplomatic snub or reprimand. But with the allegations against him mounting and his support at home diminishing, the Reagan Administration is now debating whether such support is wise. It may undermine U.S. attempts to be seen as tough on drug trafficking, vigilant against high-technology theft and credible in its call for democracy in Central America.

Noriega is currently being investigated by the Justice Department and three federal agencies. In Tampa, Customs and FBI agents are probing allegations that Noriega was paid off to facilitate the smuggling of drugs into the U.S. In Miami, the Drug Enforcement Administration (DEA) is looking into similar accusations. In addition, Ramon Milian Rodriguez, a Cuban-American convicted in 1985 of drug-related charges, has testified in closed hearings to a congressional committee that Noriega pocketed millions of dollars in commissions on drug profits that passed through Panama's central bank.

Noriega's cronies have also been suspected of drug trafficking. His personal aide, Colonel Julián Melo, was implicated in the operations of a large cocaine laboratory inside Panama; Melo was fired but not prosecuted. Last year César Rodríguez, who had worked as a pilot for Noriega, was murdered in Colombia in what appeared to be a drug deal gone awry. Critics charge that while Noriega has deported some midlevel traffickers to the U.S., he has never arrested the cocaine barons who use Panama as a plush hideout. After Colombia's Justice Minister, Rodrigo Lara Bonilla, was assassinated in 1984, leaders of the Colombian drug cartel

headed for Panama to escape the heat.

U.S. officials are worried about more than Noriega's alleged drug dealing. Customs agents say they have identified more than 75 Cuban and Soviet-bloc front companies apparently using Panama to circumvent restrictions on the export of American high technology. Every month, they say, tens of millions of dollars worth of restricted U.S. technology goes to Panama, far beyond that nation's modest needs. Customs Commissioner William von Raab says he believes Noriega "is a beneficiary of the activities of these [front] companies." Major Florentino Aspillaga, a senior Cuban intelligence officer who defected to the West this summer, has charged that Noriega received about \$3 million for allowing Cuba

and the Soviet Union to acquire U.S. technology.

The debate over what to do about Noriega has at times pitted U.S. officials against one another. Last October the State Department asked Von Raab to meet with some visiting Panamanian officials and present them with gift-wrapped parcels. The Customs commissioner, who has long believed Panama to be a haven for drug dealers, was unaware that the packages contained plaques expressing Washington's appreciation for Panamanian assistance in cracking down on narcotics traffic. Fumed Von Raab: "I was snookered." Von Raab is skeptical about talk of Panamanian cooperation with U.S. law enforcement. "Just because they throw a few crumbs to us or any other agency," he says, "it doesn't change the character of the country as a flea market for contraband."

Attorney General Edwin Meese and Assistant Attorney General Stephen Trott have been among Noriega's staunchest supporters. They cite his willingness this year to have Panama's bank-secrecy laws amended to allow U.S. investigators limited access to drug-money accounts. In an effort to scuttle a resolution critical of Panama's drug enforcement policies last March, Trott told a Senate committee, "The Panamanians have given [the DEA] 100% of its requests in terms of drug traffickers." An unlikely coalition led by North Carolina Republican Jesse Helms and Massachusetts Democrat John Kerry was nevertheless able to push the resolution through. In the House, New York Democrat James Scheuer has blasted the Justice Department's praise for Panama's antidrug efforts as "disingenuous and intellectually dishonest," charging, "Noriega is involved in drug trafficking and money laundering right up to his kazoo."

What may finally tip the balance against Noriega within the Administration is political factors. Recent protests in Panama show growing middle-class opposition to his rule. After pro-Noriega demonstrators damaged the U.S. embassy in Panama in June, Washington suspended military and economic aid; the freeze will continue, suggested Secretary of State George Shultz, until Panama's military gets out of politics. "There's been a decision made that we can afford to let the relationship deteriorate a little bit," says a State Department policymaker. The Pentagon and some in the intelligence community, concerned about Cuban activity in Panama, are coming to a similar conclusion. Explains one official: "Now the consensus is rising that we're better off without him than with him."

—By Ted Gup.

Reported by Elaine Shannon/Washington



In Panama City, the beleaguered general reviews his troops
In the U.S., a question: "Are we better off without him?"

(Mount Clipping in Space Below)

Gen. Noriega faces probes in Florida

While Gen. Manuel Antonio Noriega, Panama's military strongman, is facing his biggest political crisis at home, two federal grand juries in Florida are investigating whether Noriega is linked to the multibillion-dollar Latin American narcotics trade.

The investigations coincide with the growing sentiment within the Reagan administration and Congress that Noriega's continued dominance of the Panamanian government is unacceptable and that his departure from power is essential to restoring Panama's stability.

In the aftermath this summer of anti-Noriega riots, which have given rise to the most sustained, organized opposition to him, the administration suspended military and economic aid to Panama.

"We want (Noriega) to go" and for Panama to enter the "path to real democracy," said a State Department official involved in the policy.

U.S. law enforcement officials bristle at any suggestion that the criminal investigations of Noriega are part of an administration strategy to force him out, but they agree that the new chill in official relations with Noriega, a longtime U.S. ally, has made it easier to investigate him. "Now the time is ripe," said one law enforcement official.

The investigations are focusing on information from three convicted drug smugglers who have told federal authorities of alleged payoffs to Noriega, including some payments from a major international drug cartel, to provide protection for drug loads shipped through Panama to the United States, according to informed sources.

Allegations of Noriega's involvement in illegal drug trafficking first surfaced 15 years ago and he has repeatedly denounced them. He has called the latest allegations part of a campaign by some U.S. officials to regain control of the Panama Canal.

In the past few months, federal grand juries in Miami and Tampa have begun separate investigations into the allegations. The Miami investigation is being conducted by the Drug Enforcement Administration in conjunction with the U.S. attorney's office there. In Tampa, the FBI and the U.S. Customs Service are involved along with the U.S. attorney's office.

Officials caution that the investigations face numerous hurdles, from the credibility of the chief witnesses, who are convicted criminals, to the legal status of Noriega, strongman in a country whose constitution forbids the extradition of Panamanian citizens.

The United States also is in the awkward position of investigating whether there is criminal evidence against the powerful leader of a country vital to the U.S. interests in Latin America.

The influential head of Panama's military intelligence service for 13 years before becoming armed forces commander-in-chief in August 1983, Noriega exercises virtually unchallenged control over the civilian government, including President Eric Arturo Delvalle.

As commander of the 15,000-member Panamanian military, called the Defense Forces, Noriega's official authority extends far beyond traditional defense duties. The Panamanian Defense Forces hold extraordinary power over basic state functions: they run the police, the airports, harbors, prisons and immigration, and even issue passports and visas.

Site of the strategically important Panama Canal and the largest U.S. military base in Latin America: ever since the early 1980s, when the Reagan administration launched a broad assault on the international narcotics trade. Panama's importance has grown in the illegal drug-trafficking business, according to U.S. law enforcement officials.

(Indicate page, name of newspaper, city and state.)

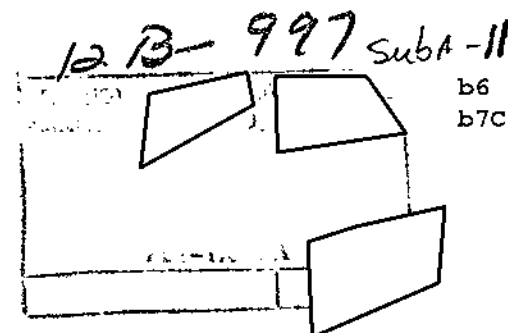
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Its location between South America and the United States makes it a convenient refueling point for drug smugglers flying north. But more significantly, say U.S. officials, when federal agents clamped down on the flow of illicit drug profits into U.S. banks, Panama's bank secrecy laws, among the tightest in the Western Hemisphere, turned it into a major money laundering center, particularly for illegal cocaine profits.

Federal officials say that fortunes in illegal drug cash ended up in Panamanian banks, where armored trucks were sometimes hired to transport the money from the airport to the banks.

"Panama has become the world capital for cocaine money laundering," said Al Coward, the DEA's chief of financial intelligence. "The vast majority of money collected from Colombian cocaine sales in the United States, at some point was going back through Panama."

For example, when federal agents stopped a Lear jet bound for Panama at Fort Lauderdale International airport in May 1983, they found \$5.4 million inside 20 custom-made boxes. The jet was owned by a Miami accountant who was subsequently convicted of laundering mostly cocaine profits. Records seized from his operation showed that during one eight-month period, he had shipped nearly \$150 million in drug profits to Panamanian banks.

Federal law enforcement officials said that most of the cocaine profits that pass through Panamanian banks belongs to a notorious confederation of Colombian drug kings known as the Medellin cartel, which derives its name from a Colombian industrial city in the heart of the narcotics trade.

In connection with a federal indictment last year in Miami of alleged cartel leaders, prosecutors told the news media that the group smuggled nearly 60 tons of cocaine into the United States during a four-year period. Today, that amount of cocaine would be worth nearly \$700 million in Miami's wholesale drug market.

One witness in the Miami probe of Noriega has linked the cartel to alleged payoffs to Noriega and has told investigators that the group made the payments to buy protection for drug shipments that moved through Panama to the United States, knowledgeable sources said. The witness, a convicted drug smuggler, has alleged he was in intermediary in about \$1 million of the payments, sources said.

Maj. Edgardo Lopez, a Noriega spokesman, in a recent telephone interview from Panama City called the drug-smuggling allegations against Noriega "lies and fantasies" of convicted criminals who have no credibility.

"Nobody is able to hide this kind of connection and relationship with the Medellin cartel," Lopez said. "Please, it makes us laugh. It's completely crazy."

After The Miami Herald disclosed in an article that federal prosecutors were investigating alleged bribes to Noriega from the Medellin cartel, Noriega telephoned the newspaper. The Herald reported that Noriega scoffed at the report, and said "the ruler of a country doesn't have a price of a million dollars."

In the Tampa investigation, another witness — also a convicted drug smuggler — has alleged that he met with Noriega to discuss the general's "cut" from profits derived from drug shipments, sources said. The witness also has told investigators of a company tied to at least one Noriega associate that may have been used to funnel payoffs to Noriega, sources said.

Sources said the witness has linked to the alleged scheme another man identified as a Noriega associate, Cesar Rodriguez Contreras. Rodriguez, a suspected drug pilot, was murdered in Colombia in 1986 in what U.S. officials believe was a drug-related killing. Maj. Lopez said Rodriguez was a well-known jet-set figure in Panama, but "as far as I know he did not have any relationship with Gen. Noriega."

Bank records obtained in Panama show that Rodriguez and a business partner had a company that brokered aircraft to Panamanian government agencies after leasing them from private U.S. firms.

In a telephone interview, Walter Conlogue, a North Carolina airplane broker involved in some of the leasing deals, said that Rodriguez and his business partner once introduced him to Noriega when the general was passing through the Fort Lauderdale airport on his way to Washington.

U.S. Customs Commissioner William von Raab said that investigatory efforts are hampered by the compartmentalized, tight-knit nature of the Panamanian military, which other officials referred to as a kind of "corporate Mafia."

"Any man who surrounds himself with military protection is always going to be difficult to make a case against because of the layers of insulation that he has," said von Raab, an outspoken Noriega critic. But, he added, "I think it is just a matter of time" before the veil is pierced.

Lopez said that, contrary to what critics say, Panama has cooperated fully with U.S. authorities in combating international drug trafficking. "We really fight like hell with all our weapons," Lopez said, adding that over the years top U.S. law enforcement officials have written letters praising Panama for its help.

Among the U.S. officials who have praised Panama's anti-drug efforts are Attorney General Edwin Meese III and top DEA officials.

U.S. officials note that, in response to requests from the United States, Panama last year made drug money-laundering a crime in that country. The new law also gives U.S. law enforcement officials, under certain circumstances, access to secret Panamanian bank accounts tied to drug trafficking.

DEA's Coward said the new Panamanian law proved effective in a major DEA money-laundering investigation, dubbed "Operation Pisces," in which the Panamanians at DEA's request froze \$14 million in 54 accounts at 18 banks.

"The results are unprecedented," Meese said at a news conference on the investigation earlier this year.

However, Noriega's critics argue that Panamanian cooperation is primarily done for public relations reasons. These critics, who include U.S. congressmen and Panamanian opponents of Noriega, say his cooperation with U.S. authorities in some cases deflects attention from his alleged drug activities.

Von Raab, whose agency has a major role in combating drug-smuggling into the United States as well as the flow of drug profits overseas, said he remains unimpressed with Panama's cooperation.

Noriega, who is 5-foot-5 and is known to friends as "Tony," is described as a shrewd, cunning leader who has proved adept at ingratiating himself with both the United States and communist Cuba.

While serving as head of the military intelligence service, known as the G-2, Noriega had control over Panama's secret police and developed close working relationships with U.S. intelligence agencies as well as with the Cubans. William J. Jordan, a former U.S. ambassador to Panama, told ABC's "Nightline" earlier this year that Noriega has been on the CIA payroll for years.

Noriega enjoys a comfortable life style, which includes frequent trips to Paris, and, according to Panamanian sources, has the use of several homes in different parts of Panama. He likes expensive art works and is known for his collection of miniature toy frogs. In Panamanian slang, a sapp, or frog, is a government informer.

Noriega rose to power as a top aide to Brig. Gen. Omar Torrijos Herrera, the charismatic Panamanian leader who negotiated the Panama Canal treaties with the United States. Torrijos died in a plane crash in 1981.

Although Noriega lacks the personal magnetism of Torrijos, "very little happens in Panama without Gen. Noriega being involved in it or at least knowing about it," said one State Department official.

But State Department officials view the growth of the political opposition in Panama as a sign that Noriega's rule may be in jeopardy.

The recent round of protests erupted after a onetime top aide to Noriega, former colonel Roberto Diaz Herrera, who had been forced into retirement, publicly accused Noriega of rigging the 1984 presidential elections to insure the victory of a candidate backed by the military and of masterminding the 1985 assassination of a leading Noriega critic, Hugo Spadafora.

Diaz Herrera also cited Noriega's alleged drug involvement and told reporters that "Noriega has got massive amount of money from the drug business."

While the allegations were not new, State Department officials believe Diaz Herrera's statements are an important crack in the military's code of silence.



President Eric Arturo Delvalle is controlled by Noriega.



Gen. Noriega faces two Florida grand jury probes.

(Mount Clipping in Space Below)

Gen. Noriega's growing enemies list

The growing opposition to Panama's military strong man, Gen. Manuel Antonio Noriega, knows no political or ideological bounds.

In Washington, liberal Alan Cranston and arch-conservative Jesse Helms were among the leaders of the effort that resulted in the Senate Foreign Relations Committee's unanimous vote to cut off almost all U.S. aid to Panama until Noriega allows the return of civilian rule. The House Foreign Affairs Committee had already approved a similar measure, and final congressional action could come before the Christmas recess.

In Panama, young radicals have joined with the conservative hierarchy of the Catholic Church and the moderate middle class in pressing for democratic change. Many of the general's own military commanders have quit in disgust. Even Panamanian Vice President Roderick Esquivel, one of Noriega's political front men, recently criticized the regime's corruption and brutality. Esquivel then returned from a trip abroad to find that his office had been emptied and his employees and security guards had been dismissed.

The breadth of the distaste for Noriega is a reflection of the variety of charges lodged against him: Aside from the garden-variety corruption and oppression inside Panama, Noriega is widely believed to be heavily involved in international drug trafficking. He also is accused of resorting to political intimidation tactics including assassination of his domestic opponents.

Those charges gained credibility following the Iran-Contra committee's revelation that Noriega had volunteered to carry out sabotage and assassination missions inside Nicaragua on behalf of the Reagan administration. Former National Security Adviser John Poindexter and former White House aide Oliver North, those two great defenders of the sabotage scheme, but Poindexter drew the line at murder.



NORIEGA

(Indicate page, name of newspaper, city and state.)

Date: November 24, 1987
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 ST. PETERSBURG, FLORIDA
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Title:

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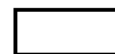
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Noriega's friends, like his enemies, are found on both ends of the political spectrum. With Poindexter and North out of power, Noriega's only important remaining friend is Fidel Castro, with whom he has shared an intelligence-gathering operation.

Friends and enemies like these tell the world all it needs to know about Gen. Noriega. Panama remains too crucial to U.S. interests for our government to remain passive in the face of Noriega's massive abuse of power. The strong U.S. economic and diplomatic sanctions now being contemplated would help to embolden those thousands of Panamanians already courageous enough to challenge their country's dictatorship.

(Indicate page, name of newspaper, city and state.)

(Mount Clipping in Space Below)

Leaning on a Strongman

The U.S. steps up the pressure on Noriega

Why can't the general take a hint? That's the dilemma facing the Reagan administration in its relations with Panamanian strongman Gen. Manuel Antonio Noriega. Washington wants him out and a democratic civilian government in. But Noriega keeps rejecting the message, even shooting the messenger: last June he orchestrated a mob attack on the U.S. Embassy in Panama City. Then he told military colleagues that the U.S. State Department was causing all the trouble, that the Pentagon and White House were really behind him. Two weeks ago the administration decided to show it meant business. It sent Assistant Secretary of Defense Richard Armitage and another Pentagon official to Panama City on a secret mission to confront Noriega on behalf of a united U.S. government. As a senior American official puts it, Armitage suggested a timetable for Noriega's departure; he said in diplomatic language that "things were getting very grim" and that "we prefer him to be part of the solution instead of the problem."

It was a tactic that previously served Washington well, notably with President Ferdinand Marcos in the Philippines. Noriega would have none of it. He agreed to meet Armitage only in private—apparently to prevent other military leaders from hearing the discussion. After the meeting was over, he told his fellow officers that Armitage and he had exchanged friendly toasts, that he had gotten assurances that Ronald Reagan supported him and that relations between Washington and Panama City would soon be business as usual. When news of Noriega's disinformation campaign got out, the administration went public with its own version of the meeting. "[The United States supports] a democratic system based on credible elections," State Department spokesman Charles Redman told The Washington Post. The administration is concerned, he added, over "developments in Panama over the last six months." Rumors about Noriega's future so unsettled Panamanians that when he traveled to the Dominican Republic for a private visit last weekend, thousands of Panamanians took to the streets to celebrate what they thought might be his permanent departure.

But the tough, 51-year-old Noriega was making every effort to hang on to power. In testimony last June, a former high-command colleague of Noriega's implicated him in drug trafficking, election fraud and the murder of a political rival. The charges triggered Panamanian demonstrations against Noriega, and to shore himself up, he drew closer to Fidel Castro in Cuba and to Nicaragua's Sandinista regime. Recent reports said that he had agreed to allow Soviet ships to use Panamanian dry docks and had granted landing rights to the Soviet airline Aeroflot—and that he had sent a representative to meet with Libyan leader Muammar Kaddafi.

'Patriotic duty': Panama's civilian-opposition spokesmen expressed delight over Washington's increasingly open hostility to Noriega. "Things are coming to a head in Panama," said exiled leader Gilbert Mallol. "Noriega's falling." Indeed, shortly before Christmas, several of Panama's top military officers reportedly told Noriega it was his "patriotic duty" to step down; his continuation in office, they said, was provoking economic instability. Still, it was questionable that the military would seek an immediate forcible overthrow. The United States, meanwhile, has vital Canal Zone military bases and intelligence-gathering sites in Panama that it does not want to jeopardize. It also hesitates to lean too hard on Noriega, for fear of uniting the nationalistic Panamanian public behind him in a noisy anti-American campaign. So what more can Washington do to get its not-so-favorite allied strongman to step down? Perhaps the smartest thing is to let Panamanian discontent with Noriega continue to simmer. It may yet boil over.

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BILL GENTILE FOR NEWSWEEK

Ignoring the message: *The general*

(Mount Clipping in Space Below)

Panama refuses to relieve pressure-cooker situation

(Indicate page, name of newspaper, city and state.)

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TAMPA, FLORIDA
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PANAMA CITY, Panama (AP) — The military-controlled government shows no signs of willingness to move toward greater democracy, despite increased domestic opposition and mounting U.S. pressure.

The government of President Eric Arturo Delvalle has offered to negotiate with its domestic critics. Opponents, however, charge there is no way to hold talks under the conditions imposed by the government since the start of the political crisis in June.



Noriega

Nationwide anti-government protests, often turning violent, began after a retired colonel alleged that military strongman Gen. Manuel Antonio Noriega had been involved in corruption, election fraud and political assassinations.

Noriega is considered the real power behind Delvalle's government.

Almost immediately, a coalition of opposition political, labor, student and business groups calling itself the National Civic Crusade formed and organized massive demonstrations against Panama's leadership.

The government moved to quell the unrest by shutting down opposition news media and banning street protests. Some opposition leaders have left the country because they fear for their safety.

The U.S. Senate Foreign Relations Committee voted Nov. 20 to impose a permanent ban on U.S. aid to Panama unless sweeping reforms are made and civilian rule restored.

In response to a pro-government demonstration June 30 that damaged the U.S. Embassy, the United States suspended \$26 million in aid to Panama. The State Department recently issued an advisory calling on U.S. citizens to put off all but essential travel to the country.

Carlos Gonzalez de la Lastra, a crusade leader, said in an interview that the government would have to give certain signals if it is genuinely interested in a dialogue, including naming an investigative commission; revamping the judicial system; reopening opposition media; and ceasing political persecution.

Numerous proposals for change circulate among opposition groups and political parties, but the government has made no moves to act on them.

Among them are the creation of an interim government to rule until elections take place, and guarantees that elections scheduled for 1989 are conducted without fraud.

The Roman Catholic bishops of Panama have offered themselves as mediators in negotiations.

The bishops' letter, printed in a Catholic newspaper earlier in November, called on military officials "not to repress those who demonstrate in a peaceful way."

The most visible effect of nearly six months of political upheaval here has been an erosion of deposits in the international banking center in Panama, crucial to the nation's economic health.

"It's going to be very difficult for us to recover. It is a slow recovery," said Jose Cardona Maas, a banker who is former president of the prominent National Private Enterprise Council. "Destroying the sources of financing paralyzes everything."

From June to September, local clients withdrew \$380 million in deposits, while another \$800 million held by foreigners fled the country. New figures have not been released.

The state-run Banking Commission said liquidity levels were "satisfactory" at the end of October, but the report was considered part of a government attempt to insist that the economic picture is not as bleak as its opponents describe.

128-997-SUBA-14

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FBI/DOJ

Secret U.S. mission pressures Noriega

By DAVID B. OTTAWAY
of The Washington Post

WASHINGTON — The Reagan administration sent a high-ranking Pentagon official on a secret mission to Panama last week to press its strongman, Gen. Manuel Antonio Noriega, to step down and allow free elections in the country, State Department and congressional sources said Thursday.

The official, Richard L. Armitage, assistant secretary of defense for international security affairs, held a lengthy session with Noriega early last week to urge him to withdraw from politics.

Armitage was picked to deliver the administration's strongest direct message to date to Noriega because the Panamanian strongman is a military man and Washington wanted "the most effective interlocutor possible," one U.S. official said.

Access by U.S. officials to Noriega, who has resisted mounting U.S. pressure to resign, "has not been extensive" recently, and the administration wanted to hold a "face-to-face meeting" to make sure he "knows this is our policy," the source said. No details were available Thursday on what Armitage re-

ported Noriega's response to have been.

One source compared the Armitage mission to that of then-Sen. Paul Laxalt, whom President Reagan sent as his personal envoy to the Philippines in October 1985 to urge President Ferdinand Marcos to hold a free and fair election.

State Department spokesman Charles Redman confirmed Thursday that Armitage had visited Panama last week and said the purpose of the mission was "to express U.S. government concern over developments in Panama over the last six months."

One non-U.S. government source said he understands that the Reagan administration favors a reform program that would include Noriega's retirement by April as armed forces chief, as well as the withdrawal of his close military associates, the holding of democratic elections, and improvements in the judiciary.

Redman refused to confirm reports that the purpose of Armitage's mission was similar to that of Laxalt's in 1985 or that the Pentagon official had pressed Noriega to resign.

(Mount Clipping in Space Below)

Noriega trip sets off spree

Rumors say he's given up power

By DENNIS McAULIFFE JR.
of The Washington Post

Panamanian strongman Gen. Manuel Antonio Noriega, under increasing pressure from the United States to step down, flew to the Dominican Republic unannounced Saturday — reportedly to attend a private party — and word of his departure set off carnival-like celebrations in Panama that allegedly led to violent clashes with riot police Saturday night.

Ricardo Arias Calderon, president of Panama's opposition Christian Democratic Party, said truckloads of Panamanian Defense Forces troops broke up a demonstration after dark on a main thoroughfare of the capital. Troops fired tear gas and began beating and arresting demonstrators shortly after 8 p.m. on 50th Street after several hours of unhindered public celebrations of Noriega's departure, he said. Arias said security forces fired their weapons during the operation, but it was not immediately known whether there were any casualties.

The Panamanian Defense Forces announced that Noriega was on a private visit to the Dominican Republic and would "return to his official duties" on Monday. A television station controlled by the military repeatedly warned citizens to "remain calm" and ignore what it termed baseless rumors, a reference to beliefs that Noriega had given up power.

A telephone clerk in Noriega's hotel in Santo Domingo confirmed last night that Noriega was in the Dominican Republic.

According to a senior U.S. official in Washington, the American Embassy in Panama has no evidence that Noriega fled the country or was giving up power, although the official said the embassy did not know with 100 percent certainty.

The embassy said Noriega had flown to Santo Domingo to attend a celebration in connection with his daughter's wedding, according to the official in Washington. His daughter was married in July to the son of a Dominican general. Sources in Washington who are

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Panama's Gen. Manuel Noriega is under pressure from the United States to step down.

part of the Panamanian opposition to Noriega said the general attended a reception last night given in his honor by his daughter's father-in-law.

Noriega's trip Saturday came on the heels of a secret mission to Panama two weeks ago by Assistant Secretary of Defense Richard L. Armitage to press Noriega to step down and allow free elections.

Figurehead President Eric Arturo Delvalle was also not in Panama Saturday. The Panamanian Embassy in Washington said Delvalle has been undergoing medical tests in New York since Wednesday. Noriega is considered the power behind Delvalle's government.

The rumors in Panama that Noriega had stepped down originated

with midday phone calls from opposition exiles in Washington saying Noriega had been spotted descending from a Panamanian Defense Forces plane in Santo Domingo, according to opposition sources in Panama City. From there, the opposition's highly active rumor mill churned into action.

Starting at about 4 p.m., thousands of Panamanians poured into the streets of Panama City in their cars and on foot to celebrate Noriega's departure. Panamanian sources in Washington said the crowds were chanting, "Don't come back."

An hour later, a main boulevard that for months has been the major site of anti-Noriega demonstrations in the city reportedly was jammed for several miles with cars and with Panamanians honking car horns, banging pots and waving white handkerchiefs, the opposition's hallmark gestures.

According to reliable reports, the celebrations rapidly spread to other cities in the country.

It was one of the largest demonstrations in Panama City since the political crisis erupted last June with charges by the Panamanian Defense Forces' former second in command, Col. Roberto Diaz Herrera, that Noriega had been involved in assassinations, election fraud and other crimes. The clamor in the streets Saturday was so loud that it could be heard clearly over a long distance telephone line.

"The whole town is whipped up into a frenzy," a diplomat said.

"It's a huge carnival," said Ruben Carles, publisher of the closed opposition newspaper La Prensa, in a telephone interview. "We don't know what the truth is about Noriega's trip, but the people are celebrating anyway."

brating anyway."

The demonstrations were particularly striking because Saturday is a widely observed national day of mourning in Panama, in memory of the deaths of 23 Panamanians during anti-American riots in 1964.

The riots prompted Washington to begin negotiations with Panama over control of the Panama Canal and jurisdiction of the Panama Canal Zone. The negotiations led to the signing of the Panama Canal Treaty in 1978 that abolished the Canal Zone and gives control of the strategic waterway to Panama.

U.S. concern with Noriega has increased with recent reports that he has made overtures to Libya and the Soviet Union in response to the freezing of U.S. aid by the Reagan administration and U.S. congressional moves to cut off economic and military assistance.

(Indicate page, name of newspaper, city and state.)

(Mount Clipping in Space Below)

Tampa drug-investigation witness to name Noriega

WASHINGTON — Graphic details of Panama strongman Manuel A. Noriega's alleged participation in drug smuggling and money laundering has been obtained by congressional investigators from a major American marijuana trafficker who described delivering \$300,000 in a briefcase to Noriega to demonstrate his sincerity.



Noriega

The Senate Government Operations permanent investigations subcommittee will hear testimony today from Steven Michael Kalish, a principal witness in a Tampa-based investigation by the U.S. Customs Service into Noriega's alleged role in illicit drug trafficking and schemes to disguise the proceeds.

In another Noriega case, it was learned that the Department of Justice plans to seek an indictment of the strongman and others on drug-trafficking and money-laundering charges in Miami next month.

A grand jury there is scheduled to hear testimony this week from Jose I. Bandon, the former Panamanian consul general in New York fired by Noriega two weeks ago. Bandon has vowed to make public details of Noriega's alleged corruption if he does not step down.

Department of Justice officials have voiced doubts about the legal strength of the Miami case, which depends heavily on testimony by Floyd Carlton Caceres, a Panamanian pilot now in the federal witness protection program. Caceres claims to have made drug-related payments to Noriega, and Bandon's testimony is expected to buttress that case significantly, one source familiar with the investigation said.

The Miami and Tampa investigations are taking place as the United States is intensifying pressure on Noriega to step down.

The Capitol Hill appearance by Kalish, a convicted marijuana smuggler who has been in jail for nearly four years, will mark the first public testimony by a witness who claims first-hand knowledge of Noriega's alleged role in flooding the United States with drugs.

Kalish has told investigators that he presented the briefcase of cash in September 1983 in Noriega's office as part of an effort to pave the way for drug deals.

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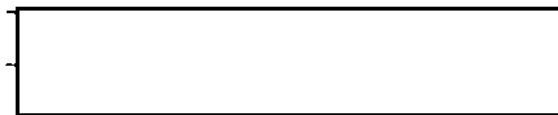
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Drug smuggler says Noriega co-conspirator

By STEVE GOLDBERG
Tribune Correspondent

WASHINGTON — Drug smuggler Steven Michael Kalish kept his cash in Tampa. Rooms full of it. At one point, he had in excess of \$35 million, mostly in small bills. He employed old high school buddies to add it up using automatic counting machines.

"They wore rubber gloves and surgical masks because of the lead content but they couldn't count it all," Kalish told the Senate Permanent Investigations Subcommittee on Thursday.



Kalish

Officials of the Cayman Island banks he had been using told him they couldn't accept such large deposits. Kalish decided to do his banking in Panama.

Kalish said he eventually formed a partnership with Panamanian leader Gen. Manuel Antonio Noriega. He paid Noriega millions of dollars in bribes and formed a company with him, and Panama's banks held the profits from Kalish's flourishing drug operations.

"My relationship with Noriega became closer until he became a full-scale co-conspirator in my drug operation," Kalish said.

Kalish told stunned senators that Noriega's military provided assistance, "even armored car delivery from the airport" of his money. In turn, Kalish lent his newly refurbished Lear jet to Noriega, who used it to fly to Washington to meet with President Reagan in November 1983.

Upon his return, Noriega told Kalish that Reagan wanted Panama to help fight the Sandinista government in Nicaragua and to open its banks to scrutiny by U.S. law enforcement officials. Kalish said Noriega promised Panama never would expose his bank dealings.

Kalish also testified he helped Noriega buy a Boeing 727 jet to use in the money-laundering operation. He said he also bought Noriega a helicopter with Panamanian government-guaranteed financing.

"We planned to fly planeloads of money out of Washington, D.C., under diplomatic cover," Kalish said.

Kalish, the 35-year-old son of a Texas oilman, was the chief of field operations for a successful marijuana ring headed by Leigh Bruce Ritch, a Tampa native with roots going back generations in the Cayman Islands south of Cuba.

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The Ritch-Kalish smuggling ring started with shrimp boats capable of carrying 30,000 pounds of marijuana, moved up to barges capable of carrying 500,000 pounds, and was planning a record 1 million-pound run when the scheme unraveled.

Before the barge could be outfitted and sent to Colombia, Kalish was arrested in Tampa in July 1984 on cocaine smuggling charges.

Ritch, who hobnobbed with movie stars, rock musicians and other celebrities as he jet-setted around the Caribbean from his Cayman base, left the country but was arrested two years later after Jamaican authorities put him on a plane to New York.

But while the ring was flourishing, Ritch and Kalish spent lavishly on mansions, cars, aircraft and a New Year's cruise for themselves and their minions on the liner Norway.

Kalish, jailed without bail since his 1984 arrest, pleaded guilty in the midst of the Ritch-ring drug trial in Tampa early last year. He has yet to be sentenced.

U.S. District Judge W. Terrell Hodges sentenced Kalish's longtime partner Ritch to 30 years without possibility of parole.

Kalish, the key witness in the Tampa grand jury investigation of Noriega being run by U.S. Attorney Robert W. Merkle's office, testified Thursday that he began smoking and selling marijuana at age 15, gradually expanding his drug trafficking.

Officials of the U.S. Treasurer's Office said they didn't know if paper money contains any lead.

Kalish testified that he never moved any drugs into Tampa or South Florida because of anti-drug trafficking efforts there.

Instead, he said, drugs — some cocaine, but mostly marijuana — were brought from Colombia by ships and airplanes to remote areas of North Carolina, South Carolina, Louisiana and Mississippi.

In addition to bribing Noriega, Kalish said members of his smuggling operation paid off officials in Jamaica, the Bahamas, Mexico, Honduras, Belize and Colombia. He also said Colombian drug traffickers told him the world's largest cocaine processing plant was in Nicaragua.

William P. Rosenblatt, assistant

commissioner of the Customs Service, said witnesses and documents corroborate many of Kalish's allegations. He exhibited ledger sheets from 1983 in Kalish's hand in which Kalish had detailed almost \$5 million in expenditures, including alleged payoffs to Noriega and his associates.

Rosenblatt said Panama was one of the world's centers for money laundering.

"If Mr. Kalish made all this up, then how did he come by several Panamanian passports, one of which bears diplomatic credentials?" asked Sen. William Roth, R-Del., whose aides conducted the investigation. "Clearly, we have evidence of drug-related corruption extending to the highest levels of Panama."

Subcommittee Chairman Sam Nunn, D-Ga., said the United States needs to increase pressure on the Noriega government. Noriega repeatedly has denied any involvement in drug smuggling.

Kalish said the resources of drug-smuggling operations such as his make it impossible for U.S. law enforcement to shut them all down.

(Mount Clipping in Space Below)

Testimony Ties Noriega, Drugs

Smuggler Tells Hill Panamanian Involved

A convicted drug smuggler testified yesterday that Panamanian leader Gen. Manuel Antonio Noriega arranged for him to receive a diplomatic passport, a nearly \$2 million line of credit from a bank closely aligned with the government and military protection after Noriega became a "full-scale co-conspirator in my drug operation."

Steven Michael Kalish, a key witness in a Justice Department investigation of Noriega, told a Senate subcommittee that he delivered at least \$650,000 in payoffs to Noriega. He said one of the alleged payoffs—for \$250,000—was a downpayment on a \$4 million bribe Noriega and two Panamanian associates agreed to accept to allow shipment of 400,000 pounds of marijuana through Panama to the United States.

Kalish, whose alleged involvement with Noriega took place between September 1983 and July 1984, testified that Noriega told him he planned to use some of the alleged payoffs to help finance the 1984 presidential campaign of Nicolas Ardito Barletta, who was narrowly elected president in 1984 with Noriega's backing. Barletta was forced out of office in 1985 after Noriega became disenchanted with him.

Kalish said that Noriega also arranged for him to broker a \$1.7 million helicopter sale to the Panamanian Defense Forces. Kalish said Noriega, the commander-in-chief of the Panamanian Defense

Forces, asked for a kickback on the sale and instructed him to generate the funds by inflating the price.

Allegations linking Noriega, Panama's defacto ruler, to the multibillion-dollar Latin American narcotics trade have existed for more than 15 years. Noriega has repeatedly denied the allegations and has said they are often the product of convicted criminals seeking leniency.

However, congressional officials said yesterday that Kalish's testimony, partly supported by documents, provided a rare public glimpse of the allegations against Noriega and illustrated how the general may be using his vast military and government powers to convert Panama into a safe haven for international drug traffickers.

Kalish, for example, testified that Noriega also assisted a group of notorious Colombian drug kings, known as the Medellin cartel, which U.S. officials believe is responsible for most of the cocaine smuggled into the United States.

Sen. Sam Nunn (D-Ga.), chairman of the Senate Governmental Affairs permanent subcommittee on investigations, said after yesterday's hearing that he had "no reason to disbelieve" Kalish's testimony.

"I hope the Panamanian people take due notice of what happened here today," Nunn said. "In the final analysis, what happens to Gen. Noriega is in the hands of the Panamanian people."

The Reagan administration has

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STEVEN MICHAEL KALISH
... key witness in Justice probe

been pushing Noriega, who is facing increasing internal opposition, to resign. Nunn said yesterday's testimony on Noriega's alleged drug ties "compounds an already difficult relationship."

Kalish, a 35-year-old high school dropout from the Houston area, said that he frequently loaned a custom Lear Jet to Noriega and other Panamanian officials for trips to the United States and elsewhere.

Kalish said he greeted Noriega after a November 1983 trip that Kalish said Noriega made to the United States in the jet. Noriega told him that he had visited President Reagan in Washington, and that Reagan urged him to liberalize Panama's bank secrecy laws to help U.S. drug investigators. Kalish also

said that Noriega told him that Reagan asked the general to help the U.S.-backed contras fighting Nicaragua's Sandinista government.

"Noriega assured me that he would never open up the banks in Panama," Kalish testified.

Kalish said he started selling marijuana to friends at age 15 and eventually helped direct a multimillion-dollar international drug ring. He has been serving an eight-year prison sentence since his arrest in July 1984 and is facing an added sentence of up to 20 years for a 1987 drug conviction in Tampa, Fla.

Kalish said that within a day of arriving in Panama in September 1983, intermediaries introduced him to Noriega. He said he made a \$300,000 payment to Noriega in their first meeting.

He said that when he asked Noriega for a guarantee that he would be repaid for the helicopter he sold to the military, Noriega arranged for the National Bank of Panama, which is used by the government, to issue Kalish a nearly \$2 million irrevocable line of credit. However, Kalish said, he had not found it necessary to convert the letter to cash because the military has kept up its payments.

Kalish, a fugitive from U.S. authorities when he moved to Panama, said Noriega arranged for him to receive three Panamanian passports, including a diplomatic one. Kalish claims he paid \$60,000 for the diplomatic passport to a Noriega associate, Cesar Rodriguez Contreras, a suspected drug pilot murdered in Colombia in 1986.

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 Washington Post Staff Writer

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DRUG DEALER SAYS HE GAVE NORIEGA 'MILLIONS' IN BRIBES

TESTIFIES IN THE SENATE

American Describes Network Involving Panamanian — Indictment Is Planned

By ELAINE SCIOLINO

Special to The New York Times

WASHINGTON, Jan. 28 — A convicted American drug smuggler told Senate investigators today that he gave "millions of dollars" in cash and kickbacks to Gen. Manuel Antonio Noriega, the army commander of Panama, for his help in drug deals and illegal money laundering.

As the testimony unfolded in Washington, a Federal grand jury in Miami heard evidence from a key former aide to General Noriega, who has repeatedly denied any role in drug trafficking. Law enforcement officials disclosed today that the grand jury was planning to indict the Panamanian leader, perhaps as early as next week.

In a televised subcommittee hearing today, the American smuggler, Stephen M. Kalish, testified under oath that after presenting the Panamanian leader with a briefcase containing \$300,000 in cash in September 1983, he "became a full-scale co-conspirator in my drug operation."

Amount Put at \$650,000

Over the next several months, Mr. Kalish said, "I spent millions of dollars in Panama to bring myself closer to Noriega," including bribes of cash and other gifts to the general and other officials.

Mr. Kalish said he did not know the exact amount of the payments to General Noriega, but the Senate subcommittee produced records that indicate they totaled more than \$650,000.

Mr. Kalish, who is serving an eight-year sentence on drug-related charges and awaiting sentencing in a case in Tampa, has agreed to cooperate with the American authorities in hope of reducing the time he must serve.

He gave a firsthand description of what he characterized as an extensive network of illegal drug-related activity involving General Noriega, his top as-

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sociates in Panama's Defense Forces and customs, and transportation and banking officials in the strategic Central American nation.

United States Customs officials who testified at today's hearing said that financial records from Mr. Kalish's office in Panama bolster his accusations, which they believe to be true.

Mr. Kalish's testimony came as the Justice Department prepared to indict General Noriega and several of his close associates for their purported links to the multibillion-dollar Latin American drug trade, according to Administration officials.

Although the exact nature of the indictment is not yet known, officials said that a grand jury in Miami is expected to hand it down shortly, perhaps as early as next week. Federal grand jury investigations in both Miami and Tampa have been focusing on information from three convicted drug smugglers, including Mr. Kalish.

General Noriega has charged that the United States has made the drug-trafficking allegations as a pretext to retain control of the Panama Canal.

Miami Jury Hears Ex-Aide

The prosecution's case against General Noriega is expected to be strengthened significantly by the testimony of José I. Blandón, who served as chief political adviser to the Panamanian leader when he headed military intelligence. Mr. Blandón testified before the grand jury in Miami today.

Justice Department officials and Mr. Blandón's lawyers declined all comment on the case.

Mr. Blandón, who was recently dismissed by General Noriega as consul general in New York, said in an interview Monday that unless the general removed himself from politics, he would disclose what he knew about his

involvement in drugs and arms smuggling, money laundering and the murder of an opposition leader.

Today Mr. Kalish, a 35-year-old high school dropout from Houston, portrayed General Noriega as a willing accomplice who was eager to share in the lucrative international drug trade.

At the end of their first meeting at General Noriega's home in September 1983, for example, he left a briefcase filled with \$300,000 in cash "and began to exit the room," he told the Senate Governmental Affairs permanent investigations subcommittee. "General Noriega called me back and said I forgot my briefcase. I told him it was for him, and he smiled."

At a party that night, Mr. Kalish continued, General Noriega was "extremely friendly" and told him he would do whatever he could to help his business. "He also thanked me for the gift," Mr. Kalish added.

In the next several months, Mr. Kalish said, he used Panama as the base for his drug smuggling, set up phony corporations and laundered hundreds of millions of dollars in drug profits through Panamanian banks with the help of General Noriega and two of his close business associates, César Rodríguez Contreras, a suspected drug pilot murdered in Colombia in 1986, and Enrique Pretelt, the owner of a fashionable jewelry store in Panama City.

Mr. Kalish decried a number of his operations in Panama, including these:

¶An investment of \$400,000 in a business owned by General Noriega and his two close associates that had several contracts with the Government and the Defense Forces. Half of his investment was given to General Noriega, he said.

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If General Noriega is indicted, he cannot be extradited to the United States for prosecution as long as he remains in Panama. Under a 1904 extradition treaty between the United States and Panama, neither country is required to hand over their own citizens for extradition.

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Drug smuggler implicates Gen. Noriega of Panama

By Stephens Broening
 Washington Bureau of The Sun

WASHINGTON — For his first meeting with President Reagan after becoming Panama's military ruler, Gen. Manuel Antonio Noriega flew to Washington in a private jet provided by an American drug smuggler who had paid the general hundreds of thousands of dollars to safeguard his narcotics operations in Panama, the smuggler told Congress yesterday.

The commander of the Panama Defense Forces "became a full-scale co-conspirator in my drug operation," declared Steven Michael Kalish in the first public testimony by someone claiming firsthand knowledge of General Noriega's being directly involved in narcotics trafficking.

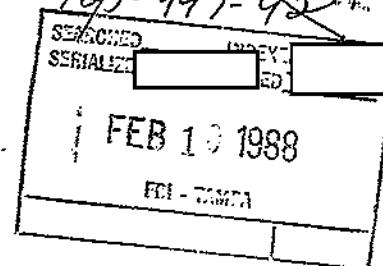
Kalish, 35, testified under oath that for \$60,000 General Noriega arranged for him to have a Panamanian

an diplomatic passport under an alias so that he could travel freely to the United States on drug business that netted tens of millions of dollars.

Kalish, a Texan, said he couldn't obtain a U.S. passport because he was a fugitive, having jumped bail in the United States before sentencing on a narcotics charge. He was arrested again in Tampa, Fla., in 1984 and has been in federal custody ever since.

His appearance before the Senate Permanent Subcommittee on Investigations was part of a plea bargain that includes cooperation with the authorities, according to his lawyer, Samuel Buffone.

Kalish said that at General Noriega's request, he advanced \$500,000 as a down payment on a Boeing 727 for the defense forces' use. "Noriega



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later agreed to use the plane for our money-laundering operations," he said. "We planned to fly plane-loads of money out of Washington, D.C., under diplomatic cover."

Kalish said he bought large amounts of marijuana in Colombia. At the time of his last arrest, he was in the midst of a 1-million-pound purchase of marijuana, a \$300 million deal for which General Noriega had been paid a \$250,000 fee up front, with another \$750,000 to come. An additional \$180,000 had been paid to Panamanian authorities so that the containers of marijuana could pass through to the United States under official Panamanian customs seals stating that the cargo was something legal.

The need for a money-laundering outlet is what drove Kalish to Panama, a well-known financial haven whose strict bank secrecy laws have attracted offshore deposits of some \$24 billion. In late 1983, Kalish said, his marijuana smuggling business had accumulated "in excess of \$35 million" in cash at a house in Tampa. "The currency filled entire rooms," he said.

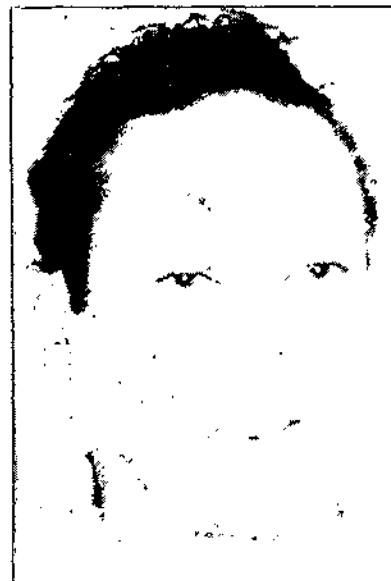
When General Noriega returned to Panama from seeing President



ASSOCIATED PRESS

STEVEN MICHAEL KALISH
Convicted drug trafficker

Reagan in November 1983, he told Kalish the president had pressed him to "open up" Panama's banks to U.S. scrutiny, the witness said. General Noriega "assured me that he would never open up the banks in Panama," Kalish told the committee.



ASSOCIATED PRESS

GEN. MANUEL NORIEGA
Panama's military ruler

U.S. officials estimate that billions of dollars of illicit funds from the United States have been laundered through Panamanian banks.

Once intermediaries paved the way, Kalish went to Panama in September 1983, with about \$2.5 mil-

lion in a suitcase to set up shop, he said. His expressed interest in bringing more than \$100 million to Panama got him an audience at the general's walled villa on the outskirts of Panama City.

"I had been instructed to bring a gift for the general, large enough to show how serious I was about doing business in Panama. I brought \$300,000 cash in my briefcase. During a casual discussion with the general that lasted about 30 minutes, I discussed my desire to live in Panama and invest my monies in Panama. It was made clear that I was dealing with extremely large amounts of money to Panama," he said.

"As the meeting broke up, I left the briefcase and began to exit the room. General Noriega called me back and said I forgot my briefcase. I told him it was for him, and he smiled," Kalish stated.

From then on, Kalish strove to get close to the general, he testified.

He lent his lavishly appointed Lear 35 jet to General Noriega for the Washington trip because the defense forces had nothing so fine, he said. He said General Noriega stopped off in Las Vegas in the jet on his way back to Panama.

(Mount Clipping in Space Below)

Noriega indictment 'imminent'

A Tribune Wire Report

WASHINGTON — The indictment of Panamanian leader Gen. Manuel Antonio Noriega is "imminent" for his involvement with Cuban leader Fidel Castro and others in drug and gunrunning, a ranking senator in international drug control said Friday.

"I think the indictment of Noriega is imminent," Sen. Alfonse D'Amato, R-N.Y., said in a statement released by his office Friday.

"I don't think this would be the only one. It is fair to say that Castro has been inextricably involved in this whole process, meaning money laundering, the drug trafficking," of which Noriega is suspected, he said.

Asked on the CBS "This Morning" program if any indictments could be expected, D'Amato replied: "I think it's a very real possibility as it relates to money laundering, drug trafficking and even arms smuggling — including Castro and other people. It's quite shocking when the full story comes out."

"It's quite shocking. When the whole story comes out, Noriega has been involved in these activities for a number of years," continued D'Amato, co-chairman of the Senate Caucus on International Narcotics Control.



Noriega

D'Amato said Noriega is guilty of "drug trafficking, trafficking in passports, trafficking in arms, the suppression of people and human rights, the closing down of the newspapers ... taking the army and turning it into a giant criminal enterprise."

"He has been a major, major figure in giving safe haven to drug dealing and money laundering. ... Billions of dollars have been laundered through Panamanian banks," with Noriega's acquiescence, D'Amato said.

"I think there's a chance he may be indicted," said D'Amato.

"The detail of a particular link where Castro was involved certainly are such that it demonstrates the network of drug trafficking, arms dealing and, of course, other kinds of illegal activity," involving the Cuban leader and Noriega, D'Amato said.

The New York Times reported Friday that the Justice Department is preparing to indict Noriega and several of his close associates.

The Times said administration officials said a grand jury in Miami is expected to hand down an indictment shortly, perhaps as soon as next week. The newspaper said the exact nature of the indictment is not yet known.

Drug smuggler Steven Michael Kalish, a key witness in a Tampa grand jury investigation of Noriega being run by U.S. Attorney Robert W. Merkle's office, told the Senate

(Indicate page, name of newspaper, city and state.)

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TAMPA, FLORIDA
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Permanent Investigations Subcommittee on Tuesday that he paid Noriega millions of dollars in bribes and formed a company with him. He testified before the committee in Washington that Panama's banks held the profits from his flourishing drug operations.

Kalish, a convicted drug dealer

who lived in Tampa, is serving an eight year prison term.

In a story published Friday, Newsday, a Long Island, N.Y., newspaper, quotes D'Amato as saying that according to former Panamanian diplomat Jose Bandon, recently dismissed as Panama's consul-general in New York, Castro interceded for the Colombian cocaine cartel after Panama shut down a cocaine processing laboratory in 1984.

D'Amato told the newspaper he learned from Bandon that Castro asked Bandon to have Noriega return \$5 million the Colombian drug czars had paid in bribe money to allow them to open a cocaine laboratory in Panama, and to release several Colombians arrested at the

laboratory.

"Castro brought up the subject — return the money, the equipment and release the people," D'Amato said he learned from Bandon.

"Castro said, 'Look, I'm telling you: You tell this to Noriega — he did business with these people, and they want \$5 million back, and they want the equipment back,'" D'Amato told Newsday.

The laboratory, located in dense Panamanian jungle, was discovered by accident, U.S. officials have said. A unit of Panamanian troops, believing they had stumbled on a Colombian guerrilla landing party, swooped down on the laboratory and arrested 23 Colombians.

(Indicate page, name of newspaper, city and state.)

(Mount Clipping in Space Below)

U.S. indicts Panama's leader; can't touch him

By Don Kirk
USA TODAY

The Justice Department today announces indictments against Panamanian strongman Gen. Manuel Antonio Noriega on drug, fraud and racketeering charges.

U.S. attorneys in Miami and Tampa, Fla., announce the indictments simultaneously — even though Panama's constitution bars extradition of its citizens to the USA for trial.

The indictments, however, mean Noriega could be extradited to the USA if he ever visits a country having an extradition treaty with the USA.

The charges are "a political act aimed at frightening me," Noriega told CBS News.

Backing Noriega, Panama's cabinet council pledged "firm, unconditional support" — and charged the United States with "foreign intervention."

Some Panamanians disagreed. Opposition leader Carlos E. Gonzales de la Lastra branded Noriega "a common criminal" and challenged him to prove his innocence.

Said the State Department's Dennis Harter: "We have to look at other options" for dealing with Panama. One problem: The Panama Canal cuts through the country.

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Panama's Noriega indicted

TAMPA — Panamanian strongman Gen. Manuel Antonio Noriega took millions in bribes to turn his country into a sanctuary for international drug trafficking, two federal indictments charged Friday.

A grand jury in Tampa said the head of the Panamanian Defense Forces accepted \$4 million in payoffs to allow Tampa-based smugglers to import 800 tons of marijuana through Panama in 1983 and 1984. He is also charged with masterminding the laundering of more than \$100 million of the ring's profits, partly through a corporation he controlled.

A separate grand jury in Miami simultaneously charged Noriega with taking at least \$4.6 million from Colombia's Medellin Cartel to protect 8,800 pounds in cocaine shipments.

"This case demonstrates the collective will of the people of the United States to prosecute drug dealers no matter who they are or where they are," said Robert W. Merkle, U.S. attorney for the Middle District in Tampa.

U.S. Attorney Leon Kellner said in Miami the indictments "make it clear that no one is above our laws" and called their scope unprecedented. "This indictment details for the first time allegations of the central role played by Gen. Noriega in the international narcotics trade and how he sold his official position to further narcotics trafficking through Panama," Kellner said.

Maj. Edgardo Lopez Grimaldo, spokesman for the Panamanian military, told United Press International the charges "violated American

judicial norms as well as those of Panama."

He quoted Noriega as saying the charges were "totally false, no more than another step in the plan to menace and terrorize nationalist leaders and Latin America patriots who dare to confront the United States."

Merkle and Kellner denied their investigations were politically motivated, saying they were the outgrowth of past drug prosecutions.

Despite the indictments, both prosecutors said there was little chance Noriega would be tried since the Panamanian Constitution and its 1904 treaty with the United States forbids the extradition of its citizens. Noriega would have to surrender himself or leave his country for another with an enforceable extradition treaty, they said.

"We'll send him an invitation and perhaps some lottery tickets," Merkle said.

Even with the protection from extradition, Noriega took the precaution of sending for three Miami criminal defense lawyers.

Raymond Takiff said Friday, he, former Assistant U.S. Attorney Neal Sonnett and Frank Rubino would meet with Noriega today.

"Noriega telephoned us earlier

this week, when reports surfaced of the impending indictment, and asked that the three of us come to Panama to discuss with the general whether we will represent him," Takiff said.

(Indicate page, name of newspaper, city and state.)

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TAMPA, FLORIDA
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Indicted along with Noriega in Tampa was Enrique Pretelt, a Panamanian businessman and close associate of the general. The Miami indictment charged 15 other men with conspiring with Noriega, including reputed Medellin Cartel leaders Gustavo Dejesus Gaviria-Rivero and Pablo Escobar-Gaviria.

If convicted of all charges in both indictments, Noriega would face up to 180 years imprisonment and \$1.4 million in fines.

In Tampa, Noriega and Pretelt are charged with conspiring with Steven Michael Kalish and Leigh Bruce Ritch to smuggle record amounts of Colombian marijuana into the U.S. through Panama.

The indictment charges that Kalish paid more than \$1 million in bribes on behalf of the ring and agreed to pay \$3 million more before he was arrested July 26, 1984. In testimony last week before the Senate Permanent Operations Subcommittee, Kalish said he also gave the Panamanian defense forces a Boeing 727 airliner and a helicopter to aid the smuggling.

In return, the indictment contends, Noriega gave Kalish a diplo-

matic passport, false Panamanian custom documents to conceal the shipments Colombian origins, and access to the country's secretive banks.

The Miami indictment charges Noriega gave the cocaine cartel refuge after its members assassinated Colombia's anti-drug minister of justice, Rodrigo Lara Bonilla. It claims Noriega allowed them to build a cocaine-processing laboratory in Darien Province and sold the cartel processing chemicals, including those seized in drug raids by the Panamanian defense forces.

The indictment details that Noriega went to Havana to have Cuban President Fidel Castro mediate a dispute with the cartel after Panamanian troops destroyed the Darien plant in a 1984 raid.

Reps. Charles Rangel, D-N.Y., and Ben Gilman, R-N.Y., leaders of the House Select Committee on Narcotics Abuse and Control, accused the the Reagan administration of covering up Noriega's drug involvement because of his support against Nicaragua.

"Now, the administration may believe he has outlived his usefulness," Rangel said in a statement. "Perhaps the administration now feels that Noriega has too many other political liabilities, that his internal support is evaporating and that it is time to get rid of him."

A State Department spokeswoman declined comment on the congressmen's accusations, instead saying the indictments should bolster the administration's appeal for a democratic transition in Panama.

"U.S. policy remains the same: We support efforts toward democratization in Panama. We encourage the military to step back from its political role and to allow the strengthening of Panama's civilian political institutions," said Phyllis Oakley.

Information from Tribune wire services was used in this report.



Grand juries in Tampa and Miami indicted Noriega on drug and bribery charges.

(Mount Clipping in Space Below)

Panama's Beleaguered Leader Finds a Haven of Acceptance

By LARRY ROHTER

Special to The New York Times

SANTIAGO, Panama, Feb. 8 — Abroad, he is now wanted as a criminal, and in the capital there are daily demands for his ouster. But in this small provincial town tonight, a smiling Gen. Manuel Antonio Noriega heard himself acclaimed as the defender of Panamanian sovereignty against Yankee colonialism and "domestic traitors."

In what was billed as a "massive display of support" for General Noriega, the embattled Commander in Chief of the Panama Defense Forces, about 3,000 peasants, government employees and labor union members gathered at an outdoor beer garden in this agricultural center of 50,000 people, capital of the west-central province of Veraguas.

Draped above them in the sweltering heat were banners bearing nationalist slogans, including one that proclaimed, "To Bring Reagan to Justice, Veraguas Names Its Own Tribunal."

Indicted on Drug Charges

It was General Noriega's first public appearance since he was indicted on a dozen counts of drug trafficking and racketeering by two Federal grand juries in Florida last week. Both the location of the rally and the occasion for it were a reminder of how General Noriega has been able to sustain himself for more than four years as the military strongman of this nation of 2.2 million people.

Nominally, this country is governed by a civilian President whose term expires next year. But General Noriega's authority was made clear when speakers pleaded with him to prevent the

Government from carrying out budget cuts that would cost the jobs of thousands of civil servants, and a wizened peasant approached him with a written request for some sort of favor.

The political opposition argues that intimidation, bribery, vote fraud and murder and torture account even more for General Noriega's long stay as Panama's de facto ruler. But at no time tonight did the general refer directly to those accusations, and he completely ignored the charges formally brought against him in the United States on the basis of testimony from former government officials and business associates.

An Enemy of the U.S.

Instead, General Noriega, who wore a beige leisure suit and a straw hat of the type favored by peasants here, presented himself as the enemy of the United States and the ideological heir of Gen. Omar Torrijos Herrera. From 1968 until his death in a plane crash in 1981, General Torrijos headed a nationalist regime, winning broad support by instituting social welfare programs and negotiating a treaty that requires the United States to hand over the Panama Canal to Panamanian control in 2000.

In an aggressive speech in which he hinted that he might expel American military forces stationed in the former Canal Zone, General Noriega accused the United States of attacking him to have an excuse not to return the canal. He also called on the urban and rural

Continued on Page 8, Column 5

(Indicate page, name of newspaper, city and state.)

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poor, who were General Torrijos's chief constituency, to unite behind him.

"This is a problem for Panamanians, and we don't want manipulations by anyone from up north," General Noriega said, referring to the political crisis that has shaken Panama since last summer. "We do not want the interference of any foreign power or the influence of any proconsul, because this is a people emerging from colonialism."

At one time, he reminded his listeners, "it was General Torrijos who bore the shooting target on his back." At each mention of General Torrijos, people in the crowd shouted, "You can feel it, you can feel it, Omar is present."

The Birthplace of Torrijos

To Panamanians, General Noriega's appearance here tonight, which was broadcast live over a national television and radio network, was redolent with political symbolism. General Torrijos was born in a small wood-and-tin house just off the town square here 59 years ago this week, and his memory dominates Santiago even now, nearly seven years after his death.

Outside the house, a small monument thanks General Torrijos for "forging a new republic of the civilian and uniformed people." During his years in power, General Torrijos had a slaughterhouse, a sugar mill, schools, roads and markets built here, in addition to a baseball stadium that now bears his name.

"This is a bulwark of the Government, one of the strongest in the country," said Luis Batista, president of the City Council here. He went on to observe that in the 1984 elections, which were marred by charges of widespread vote rigging, "the presidential candidate backed by the defense forces won by a margin of nearly 2 to 1."

"General Noriega does not have the charisma of General Torrijos," added Mr. Batista, a retired teacher who is a member of the governing Democratic Revolutionary Party. "But he has continued almost all of the programs of General Torrijos, and we think he has also followed General Torrijos's nationalist line."

Several opinion polls conducted for the Government show that a majority of Panamanians want General Noriega to hand over power immediately to a civilian democratic regime. Even in this seeming stronghold of Government support, 150 miles west of the capital, some anti-Noriega sentiments have surfaced, Mr. Batista acknowledged.

"There has been some resistance, above all from members of the Christian Democratic Party and from the teachers," he said. "The economically powerful groups have gone out on the streets themselves, and another thing I've never seen before is that the middle class and the intellectuals are not taking sides."

In his remarks, however, General Noriega dismissed the notion that his opposition has any spontaneous or popular base. He blamed external enemies and "those who would sell out the country" for the unrest, leading his supporters to chant that the domestic opposition should be sent "to the firing squad."

"The aggression against us has a name and a purpose," General Noriega said. "Its name is the military bases and its purpose is the continuity of a foreign army above the national army on our own territory."

"The State Department and others say the solution is Noriega out or dead," he continued. "But they are wrong. They are wrong because this is a struggle for national liberation."

When General Noriega finished his speech, uniformed soldiers set off firecrackers outside the beer hall. Chanting slogans in praise of the general, clusters of peasants and workers returned to the government buses that had brought them here from outlying rural areas.

Other points of view
on the Op-Ed page
seven days a week.
The New York Times

(Mount Clipping in Space Below)

Indictment of Noriega reported

*Panama's ruler linked
to drugs entering U.S.*

From Wire Reports

WASHINGTON — Gen. Manuel Antonio Noriega, Panama's military commander and de facto ruler, was indicted Thursday on federal drug and racketeering charges that he used his powers to convert Panama into a safe haven for international drug traffickers, according to U.S. law enforcement sources.

Noriega was charged in a sealed indictment returned by a federal grand jury in Miami, sources said. The Miami indictment is scheduled to be made public today.

A U.S. criminal indictment of an incumbent foreign leader is virtually unprecedented. A law enforcement official said Thursday that research by the Justice Department indicates that only one other sitting foreign leader, the chief minister of the Turks and Caicos Islands, a tiny British dependency in the West Indies, ever has been indicted by the United States.

Noriega's indictment is expected to have serious diplomatic and political ramifications that extend far beyond the criminal allegations.

Administration officials considered the possibility that Noriega might seek reprisals but have concluded it is unlikely he would make a major move against the Panama Canal or other sensitive U.S. facilities in Panama, they said.

CBS News reported Thursday night that Noriega in a television interview called the indictment "strictly a political act aimed at frightening me."

The indictment coincides with a strong effort by the administration and Congress to pressure Noriega to resign, which has prompted Noriega and others to allege that the indictments are part of the campaign to oust him. The Panamanian Constitution bars extradition of its citizens, making chances slim that Noriega will come to trial in the United States.

Federal prosecutors also have received approval to seek a separate indictment of Noriega in Tampa, Fla., and the U.S. attorney's office there has scheduled a news conference on the subject today.

Sources said the Miami indictment charged Noriega with violating federal racketeering and drug laws by participating in Panama in a criminal enterprise that included leaders of the notorious Medellin Cartel group of Colombian drug lords. Investigators say the cartel is responsible for most of the cocaine smuggled into the United States.

Sources said the Tampa investigation is largely tied to allegations made by convicted drug smuggler Steven Michael Kalish, who has told a Senate subcommittee that he made hundreds of thousands of dollars in payoffs to Noriega.

In the Miami indictment, sources said, Noriega is charged with playing a pivotal role in a conspiracy that shipped drugs through Panama to the United States and used Panamanian banks to launder millions of dollars in illicit profits from drug sales in the United States. Noriega is named in the indictment along with 15 other defendants, including drug smugglers, pilots and money launderers.

U.S. law enforcement officials deny that the charges are part of an administration attempt to force Noriega out, but some officials note that the new chill in official relations with Panama has made it easier.

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Gen. Manuel Antonio Noriega remains in power in Panama.

er to investigate Noriega.

Noriega, 51, who became Panama's military commander in 1983 after serving as chief of military intelligence, has repeatedly denied any involvement in drug trafficking. He has denounced the investigations as part of an effort by some U.S. officials to discredit Panama.

The United States has major national security interests in Panama, site of the strategically important Panama Canal and the largest U.S. military base in Latin America.

Officials said the administration is wary about how Noriega and Panama will react to the indictment.

Current and former U.S. officials said that in the short run, the

charges will likely make it more difficult for Noriega to resign and permit a smooth transition to a civilian government.

U.S. officials said Noriega would be effectively blocked from moving to the United States or to a country from which he could be extradited.

Officials also said some policymakers fear the indictment might cause Noriega to expand his ties to Cuba's Fidel Castro and Nicaragua's Sandinista government. However, other officials said the indictment is likely to add steam to the internal political effort to oust Noriega.

Sources said a major break occurred when a former top Noriega drug pilot, Floyd Carlton Careres, began cooperating with the Drug Enforcement Administration and the Miami U.S. attorney's office last year after his conviction on drug charges.

Carlton's information was later unexpectedly corroborated by Jose Blandon, a former top Noriega aide who recently became a leading Noriega critic, sources said.

Among the allegations cited by Blandon is that Noriega has close ties to Castro and that Noriega has played the CIA and Cubans against each other.

State Department spokesman Charles Redman offered no official comment on reports that Noriega and Lt. Col. Oliver North planned secretly in 1985 to train Nicaraguan rebels in Panama. He also declined to comment on published reports that Noriega had received clandestine payments from the U.S. government.

(Indicate page, name of newspaper, city and state.)

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PANAMA

A Briefcase for The General?

The first time he called on Panama's General Manuel Antonio Noriega, in September 1983, says Steven Kalish, he brought along a briefcase containing \$300,000 in cash. When the meeting ended, Kalish left the satchel behind. "Noriega called me back," Kalish says, "and said I forgot my briefcase. I told him it was for him, and he smiled."

That is the story that Kalish, 35, a convicted drug dealer, told a congressional subcommittee last week. His testimony was the most damaging public testimony so far linking the Panamanian strongman to drug-smuggling operations. Kalish testified that he gave at least \$650,000 to the general and his associates to help with drug deals and money laundering. Noriega had no comment on the charges. Meanwhile, a Miami grand jury is conducting a separate inquiry into drug-trafficking allegations against Noriega.



PANAMA Noriega is accused in a drug payoff

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More Bad News for Noriega

Allegations of links to a drug cartel—and Castro

In a Miami grand-jury room last week, José Blandón was talking. The former political adviser to Panamanian strongman Gen. Manuel Antonio Noriega had said that unless Noriega stepped down, he would detail the general's involvement in drug trafficking and money laundering. He did just that. According to a government source close to the investigation, the grand jury is expected to indict Noriega as early as this week. The indictment is likely to charge that the general aided the Medellín cartel (page 38) in using Panama as a transshipment point for cocaine. It is also expected to name, but not indict, Cuban President Fidel Castro as a confederate of Noriega in at least one aspect of the drug trade.

All told, it was a bad week in Noriega's fight to stay in power. Even as Blandón testified in Miami, convicted marijuana smuggler Steven Michael Kalish told a Senate subcommittee about his own alleged partner in the drug trade: Noriega. Kalish, 35, who is already serving an eight-year sentence for drug-related crimes, wants to exchange his testimony for a lenient sentence on another conviction. Under oath, the American described giving Noriega a briefcase containing \$300,000. He told the senators he spent "millions trying to get closer to Noriega." For a total of \$4 million in bribes in 1984, Kalish testified, Noriega agreed to let him use Panama as a transshipment point between Colombia and the United States, and to supply Panamanian customs seals to disguise the shipment. He said Noriega received a \$250,000 down payment on the deal—which soured when Kalish was arrested in Florida. According to a government source close to the Miami investigation, Blandón's testimony was "pretty close" to the tale Kalish told.

Aid cutoff: Blandón's testimony may prove more damaging. After breaking with Noriega over a plan designed to ease out the general, he told Panamanian opposition leaders that the general received part of a \$5 million payoff from the Medellín cartel to allow them to set up a cocaine-processing lab in Panama. Another leader who allegedly dealt with the cartel, according to sources close to Blandón, was Castro: cartel planes had been allowed to land in Cuba in exchange for helping the Cubans ferry arms to leftist guerrillas in Colombia. The \$5 million deal collapsed when a Panamanian colonel who was unaware of the setup raided the lab. The cartel then asked Castro to step in, say sources who have spoken

to Blandón. Castro told Noriega and Blandón that since they hadn't come through, they had to return the money to the cartel. This story is among those expected to appear in any Miami indictment.

The disclosures gave U.S. officials further ammunition in their attempts to push Noriega aside. But the charges may come to haunt Washington, too; the Reagan administration once had close intelligence ties to the general. One government investigator told NEWSWEEK that the general allegedly helped the Nicaraguan contras during a congressional aid cutoff in 1984-85, and U.S. law-enforcement sources claim Noriega also offered protection to a contra leader, Sebastian (Guachan) González Men-diola, after his 1984 indictment for cocaine trafficking in Costa Rica.



GUARDIA-SIPA

Cuban connection? Panama's strongman

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Panamanian envoy quits regime he calls corrupt

WASHINGTON (AP) — A senior Panamanian diplomat broke with his country's military-dominated government Friday, declaring he could no longer in good conscience serve a regime stained by "corruption, illegitimacy and dishonesty."

Lawrence Chewning Fabrega, minister counselor at Panama's mission to the Organization of American States here, told a news conference his decision to resign was triggered by a speech he was ordered to give at an OAS ceremony on Wednesday.

Chewning had said in the speech that the Reagan administration was attempting to overthrow the Panamanian government and was waging a campaign of "moral and economic aggression" against Panama.

"These remarks were not written by me, nor did they represent the way I feel or think," Chewning said, adding that they were prepared by Panama's ambassador to the OAS, Roberto Leyton, and the

Panamanian Foreign Ministry.

Chewning's resignation followed an extraordinary week in which Panamanian strongman Gen. Manuel Antonio Noriega was indicted by two federal grand juries in Florida on drug-related charges and was accused by former associates before a congressional panel of engaging in an array of corrupt activities.

Speaking through a translator at OAS headquarters, Chewning said: "My conscience, my dignity and my deep religious beliefs prevent me from continuing to be used as an instrument of a government characterized by corruption, illegitimacy and dishonesty."

Panama's OAS mission had no statement on Chewning's resignation, and Ambassador Leyton was not available for comment. Gabriel Lewis, a former Panamanian ambassador who has been lobbying in Washington against Noriega's rule, said Chewning's resignation proves there are "worthy individuals" in the Panamanian government.

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U.S. confirms Contra training in Panama

By DOYLE McMANUS
of The Los Angeles Times

WASHINGTON — U.S. and Nicaraguan rebel officials confirmed Saturday that Panamanian strongman Gen. Manuel A. Noriega arranged the training of several hundred Contra troops in Panama at the request of Reagan administration officials during the period when Congress prohibited U.S. military aid to the rebels.

A former aide to Noriega, Jose I. Blandon, has said the training program was set up in 1985 at the request of then-White House aide Col. Oliver North, who was seeking a way to build the Contra force after Congress cut off U.S. funding. Blandon said the CIA was also aware of the program, although he said he had no precise knowledge of the agency's role.

Two U.S. officials said they believed the training was set up in 1983 and initially funded by the CIA before Congress cut off the agency's Contra funding in 1984. Another official said Noriega apparently continued the training program as a favor to the administration after the CIA lost its funding.

The Panamanian training was not illegal, but it was a major reason the CIA and other U.S. agencies were hesitant to move against Noriega despite evidence that he was protecting cocaine trafficking operations, Blandon and U.S. officials said.

"That was part of the leverage Noriega had over the administra-

tion," Blandon said Saturday.

"The Contras were being trained at a Panamanian base, but Noriega was also arranging for a new base for them in the jungle at Bocas del Toro," he said. Bocas del Toro is a remote island on western Panama's Caribbean coast, near the Costa Rican border.

Two federal grand juries, in Tampa and Miami, indicted Noriega on Feb. 5 on multiple charges of aiding drug traffickers who used Panama for laundering money and transshipping cocaine into the United States.

Several officials have charged that the CIA, the Drug Enforcement Administration and other federal agencies were long aware of evidence that Noriega was involved in the drug trade but failed to act against him because the Panamanian military chief also provided valuable intelligence and facilities to the United States.

Contra chieftain Adolfo Calero denied Saturday that any of his troops trained in Panama or received funds from the Panamanian government.

"We never had anyone training in Panama," Calero told The Associated Press. "I don't know anything about it. We have absolutely nothing to do with Panama, nor with the Panamanian government."

Blandon agreed that Calero had never had any significant direct contact with Noriega. In fact, he said, the Contra chief had attempted to meet the Panamanian leader in 1983 and was turned down.

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Why Didn't Washington 'Just Say No' to Noriega?

The self-obsession of the U.S. Senate is so great that in its current subcommittee hearing on Panamanian strong man Gen. Manuel Antonio Noriega it focuses more on a pin-prick to Senate dignity than to a dagger pointed at the heart of the nation.

What has most excited the Foreign Relations subcommittee on terrorism, narcotics, and international operations is testimony by a former Noriega aide that the CIA gave Noriega personal dossiers on members of Congress critical of his harsh and corrupt five-year rule of his nation.

The subcommittee *should* be most angry and appalled about the strange and often close relationship between U.S. government agencies and a man clearly identified (and now under indictment in the Miami federal district court) as a major figure in drug traffic from South and Central America to the United States.

Jose L. Blandon, a respected diplomat whom Noriega fired recently, has testified that Noriega was secretly negotiating with U.S. state and defense department officials to step aside late last year until he was told by Vice President Bush's former chief of staff that the Reagan administration would let him stay on until January 1989, when a new administration will take over in Washington.

Noriega has been used mostly in covert activities such as delivering arms from third-party countries to the Nicaraguan contras (meanwhile selling some to the Salvadoran leftists) and providing intelligence on leftists in Central and South America. He also apparently carried the message to Fidel Castro not to interfere with the U.S. invasion of Grenada in 1983. The U.S. government also seemed to find it advisable to maintain a cozy relationship with him because of the presence of the Pentagon's Southern Com-

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mand in Panama, and the assumption of Panamanian control and operation of the Panama Canal scheduled for more than a decade hence.

Yet Noriega has long been known to be deeply involved in drug traffic. U.S. Attorney Robert M. Morgenthau of New York City told the subcommittee that criminal charges against Noriega were delayed because he relied for shelter on "high people in the U.S. government." Morgenthau did not name Noriega's protectors.

He, did, however, put in proper perspective Noriega's activities in the drug trade, including money-laundering, flight security and coordination for delivery aircraft, and intervention to get major drug dealers freed from prosecution.

"We must recognize that (drugs from Latin America) pose as grave a threat to our country as Nicaraguan and Cuban 'reds,'" Morgenthau told the subcommittee. He said that last year the drug trade brought an estimated \$4.5 billion to Colombia and \$900 million to Bolivia, far more than U.S. aid to either nation.

"Giving billions of dollars to drug barons may be somebody's idea of a contemporary Marshall Plan, but not mine," Morgenthau continued. "Drug money is destroying the social fabric of our Latin neighbors. Law is vanishing and freedom is in jeopardy in the countries cursed with the flow of dirty dollars from the drug trade, and we are doing far too little about it. If the war on narcotics is to succeed, we must muster all our foreign policy skills to persuade the world's exporting nations to control the production and distribution of illegal drugs."

That was scarcely possible while the CIA and other agencies used and sheltered a sleazy military dictator who has raked in from \$200 million to \$1 billion from his role in international drug trafficking.

It is ironic that while President and Mrs. Reagan were so strongly emphasizing the need to curb the scourge of drugs in our society, others in the government maintained so persistent a relationship with Noriega. That U.S. Attorney Robert Merkle of Tampa has him under indictment in Miami has ended that relationship; Noriega is making all sorts of threats about booting out U.S. military forces and, later on, impeding use of the canal.

Even stranger is that the subcommittee so far has shown most concern about the report, which the CIA denies and some senators doubt, of Noriega having those dossiers. True, that violates the legal proscription against domestic activity by the CIA. That, however, pales into insignificance against evidence that high officials have dealt so much with Noriega. In the war on the drugs which pose the gravest threat to the nation today, it amounts to giving aid and comfort to the enemy.

Maybe official Washington just never got the word from the White House to "just say no" to Noriega.

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Panama detains general, expels CNN reporter, aides

PANAMA CITY — Security agents Sunday stopped retired Gen. Ruben D. Paredes, the former commander of Panama's defense forces and a leading government critic, from leaving the country.

Paredes, a vocal critic of the country's de facto leader, Gen. Manuel Antonio Noriega, was halted at Panama City's international airport. He was trying to board a commercial flight to Miami, where he planned to hire legal counsel for his son, Ameth.

Ameth Paredes was indicted on drug trafficking charges along with Noriega and 14 others by a federal grand jury in Miami on Feb. 4. Paredes has accused Noriega of involvement in the death of another son, Ruben Jr., who was found dead in Medellin, Colombia, in 1986. Noriega has denied any wrongdoing.

Another opposition figure, Carlos Gonzalez de la Lastra, also was forbidden from leaving Saturday when he tried to leave from the airport on a Central American business trip.

Gonzalez is a leader of the National Civic Crusade, a coalition of business, civic, professional, labor and other groups that has been seeking Noriega's ouster since last June.

Gonzalez has been charged with sedition by the government but said he was carrying a court order allowing him to leave the country temporarily. Security agents said the document was not in order.

In another development, Panama expelled a correspondent for the CNN television network and his two assistants after it accused them of lacking objectivity in their reporting and damaging the government.

Correspondent Larry LaMotte, in a report to his network, said a Panamanian major came to his hotel room Saturday night to inform him of the action. LaMotte said he was told to catch a plane to Miami because "of reporting they described as lacking objectivity and prejudicial against the country."

LaMotte said the major called his superiors to relay LaMotte's contention the reports were balanced but told him the expulsion or-

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der stood. The network reported LaMotte was given a military escort to the airport.

Mayor Wilford Nipple, security chief at the Panama City airport, said LaMotte and his two assistants — Martin Edwards Tyrones and Della Rae Franklin — left the country Sunday aboard a Bolivian Airlines flight for Miami.

The opposition La Prensa newspaper also reported the expulsion, saying Panamanian authorities accused LaMotte of lacking objectivity in his reports from Panama.

In September, the Panamanian government expelled another CNN correspondent, Lucia Newman, from the country. Newman is now based in Managua, Nicaragua.

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Central America policy in disarray

WASHINGTON — Defeat of renewed aid for Nicaraguan rebels and fallout from the indictment of Panamanian strongman, Gen. Manuel Antonio Noriega, on drug charges have plunged U.S. regional policy for Central America into disarray and sent Reagan administration policymakers scurrying in search of new formulas for the region.

"It's a colossal mess," said a senior administration official who oversees policy-making toward Central America.

Since the House of Representatives rejected \$36.2 million in new aid for the U.S.-backed contras on Feb. 3, he added, daily crisis-management and damage-control meetings involving the National Security Council, the State Department, the CIA and the Pentagon have proliferated as policy-makers seek to draw up a new strategy.

A day after contra aid was rejected, a federal grand jury in Miami indicted Noriega on drug and racketeering charges, triggering a sudden crisis with Panama that was further inflamed by controversial testimony from former Noriega adviser Jose Blandon.

The administration initially had viewed Blandon as a weapon against Noriega. Instead, his scatter-gun charges, that included a link between Noriega and fired National Security Council aide Lt. Col. Oliver North, refocused unwanted attention on the Iran-contra scandal.

Thus, the twin crises of Panama and contra aid further complicated President Reagan's ability to influence events in Central America at a time when his authority is already severely diminished as a result of the Iran-contra affair and his lame-duck status.

"Ronald Reagan came to town promising a policy that would protect U.S. interests in Central America," said an aide to a senior Senate Democrat. "Seven years later, the difference between the promise and the reality is the difference between night and day."

Officially, the administration re-

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jects the view that its Central America policy is tattered.

"U.S. policy is not in disarray," said an administration spokesman assigned to brief journalists on Central America. "Rejection of contra aid means we lost, but it is a temporary setback. The situation in Panama is unrelated and ultimately we believe our goal of democracy in Panama will prevail as it will in Nicaragua."

It is a view not shared by some policy-makers, Central American diplomats and congressional aides familiar with regional affairs who say the perception of a U.S. policy in shambles is one spreading to Central America in the aftermath of congressional rejection of contra aid.

The result is that U.S. allies have begun to distance themselves from Reagan administration positions amid predictions that the contras may be on the verge of disbanding.

Gen. Fred Woerner, Panama-based commander of U.S. military forces in Central America, said that if no additional aid is forthcoming thousands of contras might end up fleeing to Honduras and Costa Rica. And contra leader Alfonso Robelo's resignation, announced one day after the House vote, further fueled fears of contra collapse although Robelo said the vote was not a factor in his decision.

In Honduras, Gen. Humberto Regalado, the country's armed forces chief, expressed concern about contra policy, saying in a Feb. 5 interview with the Honduran radio station HRN that the contra program "belongs to the United States."

Honduran Foreign Minister Carlos Lopez Contreras, in conversations with U.S. congressional leaders and State Department officials two weeks ago, raised anew a plan to disarm the contras that he had originally unveiled in November.

In Guatemala, President Vinicio Cerezo issued a statement affirming Guatemala's "active neutrality."

An intelligence adviser to the Reagan administration said the uncertainty could lead to coups or increased military encroachment of U.S.-backed civilian governments in the region if military chiefs conclude that the Reagan administration is no longer reliable.

"I see, unequivocally, a re-emergence of military domination in Central America, perhaps with coups, but also with a strengthening of military establishments if the right loses confidence in the Reagan administration," the adviser said.

The Noriega indictment, instead of contributing to the Panamanian strongman's early downfall and helping to overcome the uncertainty generated by the contra aid defeat, only added to the policy turbulence.

Noriega responded to the indictment by accusing Washington of a "conspiracy" to avoid turning over the Panama Canal to Panama at the end of the century under present treaty terms and punishment for not cooperating with U.S. contra policy. He claimed his troubles with the Reagan administration began when he rejected a request by former national security adviser John Poindexter to assist the United States in invading Nicaragua. The White House denied the charges.

Then came Blandon's two days of congressional testimony last week, which raised as many questions about administration policies as it did about Noriega.

Blandon claimed Noriega received "intelligence reports" from the CIA and the NSC — a charge denied by both agencies — on political and personal views of U.S. senators and their aides. And he said Noriega agreed to train contras in Panama after two 1985 meetings with North in which North requested assistance in light of a congressional ban on contra aid. Despite the denials, two administration officials who oversee U.S. policy in Central America acknowledged that Blandon's charges, by evoking memories of last summer's Iran-contra hearings, further undermined administration credibility.

"The effort appears to have backfired," an administration official said of Blandon's Capitol Hill appearance. "Here we brought Blandon in hopes of shining the spotlight on Noriega to expose his sins and instead you could almost hear the spotlight clicking off Noriega and clicking on the administration again, like an extension of Iran-contra."

More important, the entire affair appeared to substantiate suspicions of Democratic legislators opposed to Reagan's policy in Central America — that the administration deliberately shielded Noriega until recently because he was a valued U.S. asset.

Others, including some administration officials responsible for inter-American affairs, blamed the Panama crisis on Reagan's insistence on focusing energies on the contra program to the exclusion of other problems in Latin America.

"An argument could be built that says that Panama is blowing up in our faces because we let the abscess fester for a long time and now we have run out of options,"

said one official familiar with Central American affairs said.

"The sad thing here would be that despite all our efforts, this [Blandon's testimony] may help Noriega survive," said another administration official.

With little leverage left, there does not appear to be much more the administration can do about Noriega except hope that some other military officer or a strong civilian leader arises to challenge the him or to confront Noriega head-on.

There seems little likelihood of the latter, with the regional policy focus still remaining the contras and persuading Congress to enact some new aid package to keep the rebels unified as a fighting force. The current congressional authority to supply the contras expires Feb. 29 and the CIA must withdraw from the program.

As a result, Assistant Secretary of State Elliott Abrams and other U.S. officials involved with Central America policy continue to dedicate most of their time to dealing with Congress in a bid to influence a new aid proposal that House Democrats are preparing as an alternative to Reagan's defeated request.

House Speaker Jim Wright of Texas and liberal Democrats want a \$10 million to \$30 million package of strictly humanitarian aid such as food, medicine and clothing administered by the Red Cross and international refugee organizations.

But conservative and moderate Democrats, backed by the administration, want a package under which aid would continue to be distributed by the CIA inside Nicaragua as a means of preserving the contras as a viable fighting force in case the current Central American peace process collapses.

"We need a package that sustains, not dismantles, the contras,"

said Rep. Dante Fascell, D-Fla., chairman of the House Foreign Affairs Committee and a supporter of Reagan's Nicaragua policy.

On Friday, the White House announced that if no agreement is reached with House Democrats on a compromise aid package by the end of the month, the president will submit another proposal of his own that might include military assistance.

Beyond the logistics of keeping the contras alive, administration officials said they also wanted to elicit additional money from Congress — about \$1 million — for the internal opposition in Nicaragua to encourage it to be more aggressive in publicly opposing the Sandinistas.

The strategy, a State Department official said, is to "test" Sandinista sincerity about liberalizing society under the Central American peace process.

But another administration official familiar with contra policy planning said a "hidden" goal in the strategy is to "provoke" the Sandinistas into repression so the administration can shame Congress into reversing its contra aid vote.

A State Department official acknowledges that a big problem with contra aid now is that contradictions of the policy have come back to haunt the administration.

The public goal has been to force the Sandinistas to open face-to-face talks with the contras, but the secret objective has been all along to overthrow the Nicaraguan government, the official said.

"We have succeeded in the public goal," the official said, referring to last month's meeting in Costa Rica between Sandinistas and contras, "but we have failed in the secret goal. The dilemma we face is that the cover story became reality."

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**TV Reporter Expelled
For Panama Coverage**

PANAMA, Feb. 14 (Reuters) — A reporter for the Cable News Network has been expelled from Panama after the Government said his coverage of the political situation here lacked objectivity.

The newspaper La Prensa said that the reporter, Larry Lamotte, was informed of his expulsion Saturday night by a Panamanian military officer who arrived at the journalist's hotel room.

Panamanian military and Government officials were not available for comment, but a spokesman at the cable television network's headquarters in Atlanta confirmed the report.

"They just said his reporting was biased and told him to get out," said a network spokesman, Bennett Owen.

He said Mr. Lamotte, who had been in Panama about a week and filed several stories, returned safely to the United States early today.

It is the second expulsion of a correspondent for the cable television network, which can be seen in Panama.

Last September Lucia Newman, the network's Latin American bureau chief, was also ordered to leave after being criticized by the Government for her coverage of political unrest and protests against Panama's military leader, Gen. Manuel Antonio Noriega.

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The Dictator in the Dock

But Noriega digs in

If the Reagan administration had its way, the witnesses would tell the truth, and nothing but the truth—they just wouldn't tell the whole truth. Two former associates of Gen. Manuel Antonio Noriega testified to a Senate Foreign Relations Subcommittee last week about their dealings with Panama's strongman. U.S. officials were happy to see Noriega portrayed as a drug trafficker and racketeer; however, the witnesses went on to allege links from the general and the drug dealers to the CIA and the contras. Some of the charges:

- Former Noriega political adviser José Blandón told the Senate panel that the CIA gave the general U.S. intelligence information on the political and personal lives of lawmakers and staff, including Sens. Edward Kennedy and Jesse Helms. The CIA "categorically" denied Blandón's charge, saying the agency is prohibited by law from "collecting or retaining" such information. However, three years ago a CIA official told NEWSWEEK's Robert Parry that the agency had in fact collected information about a Helms aide's personal life.

- Blandón said he witnessed two meetings between Noriega and Lt. Col. Oliver North, at which Noriega offered to contribute Panamanian special-operations units for attacks on Nicaragua. North did not accept the offer at that meeting, Blandón said. Noriega has charged, to the contrary, that the Reagan administration sought his support for an invasion of Nicaragua and that his refusal to cooperate prompted the current U.S. moves against him. Blandón

and another Noriega associate, pilot Floyd Carlton, also told the subcommittee that cocaine was flown to a Costa Rican airstrip on a ranch owned by American farmer John Hull. Hull has worked with North and the CIA to support Costa Rica-based contras; he denies any links to the drug trade.

- Convicted Cuban-American money launderer Ramon Milian-Rodriguez told of giving Noriega millions of dollars in payoffs from the Medellín cocaine cartel. He also testified about channeling drug profits to the Nicaraguan contras at the request of "liaison"—identified by congressional sources

as Felix Rodriguez (a.k.a. Max Gomez), a Cuban-American ex-CIA agent who worked on North's resupply operation. Milian-Rodriguez said he helped set up an "interlocking chain of companies" to launder the cash. "Narcotics proceeds were used to shore up contra efforts," he said. One of the companies he cited, Frigoríficos de Puntarenas, received a \$230,000 State Department contract in 1986 to funnel U.S. humanitarian aid to the contras. U.S. law-enforcement sources say Frigoríficos has been investigated for alleged narcotics trafficking; no charges have been filed. The company denies any drug involvement.

Noriega, meanwhile, was hanging tough. To stifle criticism at home, he silenced an opposition newspaper and four radio stations. On Panamanian TV he called for the withdrawal of the U.S. Southern Command. "This little pineapple had better watch it," retorted Sen. Alfonse D'Amato on NBC's "Today" show. "We are not going to be pushed out." Other senior Panamanian officers did not, however, advocate removing the five U.S. bases in Panama or the 10,600 troops who man them; they simply noted that the Panama Canal Treaties do not provide for the commander and his staff to reside in Panama.

Panama can hardly afford to lose a military presence that pumps more than \$500 million a year into the economy. The government's coffers are almost empty, and several large payments on the country's \$4.8 billion foreign debt are due in mid-to late March. The government may have to lay off thousands of public employees. Unemployed workers—or a run on the banks—may accomplish what the Reagan administration could not: dislodge Noriega. U.S. efforts so far may have done little more than provoke the general to dig in deeper and display to the world some of the administration's own unsavory dealings.



CHRISTOPHER MORRIS—BLACK STAR

This little pineapple better watch it: The general

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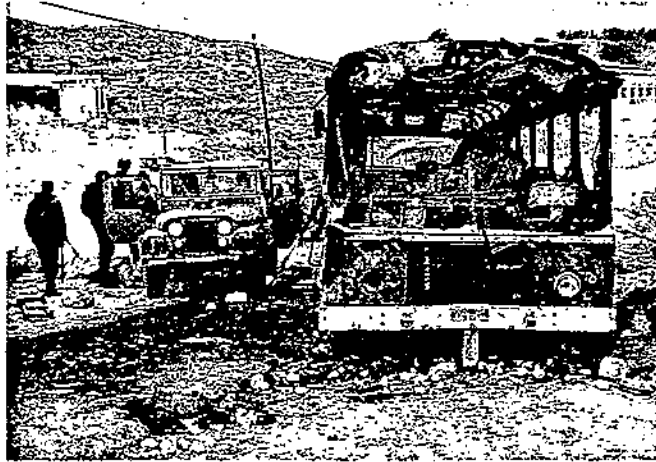
Neighbor Against Neighbor

Jewish settlers join the battle against the Palestinians

The Jewish settlement of Kedumim is only about a mile away from the Arab hamlet of Kafr Qaddum in the West Bank. Until now the residents of both rural villages lived and let live. Last week the Palestinian turmoil that has engulfed Israel and the occupied territories came even to this remote spot. As 15 or so Palestinian youths manned a rock barricade across the road leading to Kafr Qaddum, a familiar blue Volkswagen van braked to a halt. Inside were two well-known settlers from Kedumim, Shimon Kav, 41, and Yosef Ferber, 48. The Arab youths say they told the driver to go away. The settlers say they were pelted with stones, and in self-defense Kav sprayed bullets from an Uzi submachine gun. Abdul Basset Mahmoud Abdullah, 27, was killed instantly, and a second Arab was wounded.

The uprising entered its third month last week, with eleven more Palestinian deaths, more curfews, more burning tires and even a torched Israeli bus that was set afire by Arab rioters near the West Bank city of Hebron. But the episode in Kafr Qaddum underscored a new, worrisome development: the growing militancy among the 65,000 Jews who live in the land that they call Judea and Samaria but that is better known as the occupied West Bank. Touring Hebron last week, Israeli Defense Minister Yitzhak Rabin denounced the settlers' actions as "destructive." Said Major General Amram Mitzna, regional commander for the West Bank: "This is a job for the army. If there are any people who don't think so, I say that taking the law into your own hands is very, very dangerous."

Two weeks ago militant Jews who live near Hebron and Ofra decided to strike



Burned out: the remains of an Israeli bus set afire near Hebron

Responding to Arab defiance with vigilante patrols.

back at the rioters. Settlers have raided Arab towns, vandalizing cars and houses. Armed with Uzis, pistols and billy clubs, ultrafanatic inhabitants of Kiryat Arba, home of Meir Kahane's extremist Kach movement, pile into cars and vans every day to patrol the roads leading to Hebron and Nablus. They claim that their purpose is to "supplement" the Israeli army; their real intent seems to be provocation and revenge. "The Palestinians are not afraid of the soldiers," insists Shmuel Ben-Yishai, a spokesman for the Kiryat Arba residents. "But they are afraid of us." Ben-Yishai, who directs his troop of nearly 100 gun-toting activists by walkie-talkie, rejects army demands that he stop. "The majority of the generals are small politicians," he scoffs. "Our sickness is trying to look good to the world."

Not all the settlers agree with Ben-Yishai. For the 30 Jewish families in tiny Dolev, near Ramallah, the Palestinian violence has meant that school buses must be escorted by the military and that most residents strap on a pistol before stepping into their cars. But when some residents

of Dolev advocated fighting back, the majority opted to let the army protect them.

To the settlers, the uprising in the West Bank and the Gaza Strip is a test of their will to survive and rule. Yet the very presence of the settlers symbolizes a basic national dilemma. For years this small but fervent group—representing only 2% of the country's total Jewish population—has exercised an outsize influence on Israeli politics. Even many Israelis who question the settlers' tactics agree with them that the barren hilltops of ancient Judea and Samaria belong to Israel and should be kept forever.

That view is shared by Prime Minister Yitzhak Shamir, who two weeks ago responded coolly to a U.S. proposal for indirect talks with the Palestinians leading to local elections and then negotiations on the permanent status of the occupied territories. Foreign Minister Shimon Peres said he had "no substantive reservations" about the U.S. plan. Last week, after refusing to meet U.S. Special Envoy Richard Murphy jointly with Peres, Shamir said he might back limited "interim" autonomy for the Palestinians and asked Washington for "clarifications." But he widened his rift with Peres by accusing him of leaking details of their talks and "sabotaging" his peace efforts.

After two days of inconclusive talks, Murphy nonetheless declared himself "encouraged" by Arab and Israeli "enthusiasm" for his efforts. The State Department then announced that Secretary of State George Shultz would visit the area later this month in an effort to promote the Middle East peace process.

But in the end it is the Israelis themselves who must come to terms with what the settlers represent: an insistence on keeping every inch of the land that 1.4 million Palestinians also claim. Until the nation as a whole faces that dilemma, the turmoil is likely to go on. —*By Johanna McGeary/Jerusalem*

PANAMA

Noriega's Money Machine

His former aides tell of corruption on a grand scale

For two days he sat bent toward a microphone under glaring television lights, a small man with gray hair and rimless glasses who could pass for an apothecary. In fact, José I. Blandón had been chief political adviser to one of the most corrupt dictators in Latin America, General Manuel Antonio Noriega of Panama. Testifying before a Senate investigative subcommittee last week, Blandón said Noriega and his henchmen had turned Panama into a "criminal empire," a "gigantic machine" that generated hundreds of millions of dollars through drug trafficking, money laundering and gunrunning.

Blandón's disclosures came just days after U.S. grand juries in Tampa and Miami indicted Noriega for conspiring with drug dealers to ship more than 4,000 lbs. of cocaine and more than 1 million lbs. of marijuana to the U.S. through Panama. Noriega, head of the Panama Defense Forces and de facto ruler of the country since 1983, is charged with accepting more than \$4.6 million in bribes, most of it from the so-called Medellín cartel of powerful narcotics lords, who are based in Colombia's second largest city.

But the bribes are just the tip of a huge iceberg. Not since the waning days of Philippine President Ferdinand Marcos has a national leader been accused of corruption on such an enormous scale. Before the Senate Subcommittee on Terrorism, Narcotics and International Communications, Blandón alleged that Noriega turned many of Panama's public institutions—the customs and passport offices, the railroad, the airports—into a huge kickback scheme. Among the beneficiaries: scores of army officers, top government officials and, above all, Noriega. By Blandón's account, Noriega is the richest man in Panama, with a dozen houses, a fleet of automobiles and net assets of between \$200 million and \$600 million. "Panama is not in the hands of its political leaders," Blandón said. "It is in the hands of drug traffickers."

Blandón, who was guarded in the hearing room by a squad of U.S. marshals, was placed under federal protection after Noriega dismissed him last month as Panama's consul general in New York. Two weeks ago he testified before the Miami grand jury. Last week he poured out such a flood of allegations—many of which were unsupported by documentary evidence—that Subcommittee Chairman John Kerry, a Massachusetts Democrat, had to ask him to slow down.



Pilot Carlton, Incognito, tells his story

His boss laughed and demanded \$100,000.

The Senators were particularly interested in Blandón's disclosures concerning the relationship Noriega has had with U.S. intelligence officials. Blandón alleged, for instance, that the CIA had supplied Noriega with classified information on his chief Senate critics, including Jesse Helms of North Carolina and Edward Kennedy of Massachusetts. In Kennedy's case, the reports included the Senator's "personal problems," Blandón claimed.

A CIA spokesman said the agency "categorically denies" Blandón's accusa-

tion. But Senator Alfonse D'Amato of New York, one of Noriega's bluntest antagonists, said he found Blandón's charges eminently credible. "The fact is," he said, "that Noriega—this thug and racketeer—has been on the payroll of the CIA for many years and remained there, I understand, until rather recently."

Blandón dropped another bombshell when he alleged that just before the 1983 U.S. invasion of Grenada, Noriega received a telephone call from Vice President George Bush, who asked him to warn Cuban Leader Fidel Castro not to interfere with the operation. Noriega has long been friendly with the Cuban dictator and has been accused of giving him U.S. intelligence data. Of Blandón's assertion, Bush said, "Hogwash."

Blandón outlined a series of deals and double-deals involving Central American conflicts. In 1985, he said, Noriega met twice in Panama City with Lieut. Colonel Oliver North, a principal figure in the Iran-*contra* affair. North asked Noriega, Blandón said, to train *contra* rebels in Panama at a time when the U.S. was forbidden by law to do so. Noriega agreed, Blandón said, though he was at the same time selling arms to Marxist insurgents in El Salvador. North could not be reached for comment.

With the entire 16,000-man Panama Defense Forces at his disposal, Noriega showed little fear of the violent Colombian cocaine barons. His former private pilot Floyd Carlton, who showed up in the hearing room wearing a black hood, told the subcommittee that when the Medellín cartel offered Noriega \$30,000 to protect drug flights, the general laughed and asked if they thought he was begging. Carlton said Noriega then demanded, and got, \$100,000 in advance for the first flight, \$150,000 for the second and \$200,000 for the third.

Some of last week's most chilling testimony came from Ramón Milán Rodríguez, who described himself as the former chief financier for the drug cartel. The slim, Cuban-born accountant told how he laundered as much as \$200 million a month through Panamanian and overseas banks. A fervent anti-Communist, he said he siphoned funds—TIME has learned the amount was in the millions—into secret accounts set up for the Nicaraguan *contras*. Administration officials have denied knowledge of any such transaction.

For Noriega's role in protecting the money shipments, Rodríguez claimed, the Panamanian general received about \$10 million a month from the cartel. "I paid him—in ball-park figures—between \$320 million and \$350 million from 1979 to 1983," Rodríguez testified. In exchange, he main-



Machete in hand, the general samples his birthday cake

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

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'Drug racketeer gets 14 years

Leniency requested after
testimony in Noriega hearing

By MILO GEYELIN
 Times Staff Writer

TAMPA — Steven Michael Kalish, the Tampa-based drug racketeer who helped federal prosecutors bring drug charges against Panamanian military leader Manuel Antonio Noriega earlier this month, was sentenced to 14 years in prison without parole Thursday in federal court.

The sentence, handed down by U.S. District Judge Wm. Terrell Hodges, was four years more than the mandatory 10-year minimum that Kalish accepted when he pleaded guilty to racketeering charges last year and began cooperating with federal prosecutors. He faced a maximum of 20 years.

Federal prosecutors had asked Hodges to be lenient. Kalish's help, described by prosecutors as "truly extraordinary," prompted an outpouring of support from assistant U.S. attorneys in Tampa, Georgia Sen. Sam Nunn and acting U.S. Attorney from North Carolina J. Douglas McCullough, who came to Tampa personally to speak on Kalish's behalf.

Kalish, whose drug organization allegedly passed more than \$900,000 in cash and jewelry to Noriega, is the key government witness behind a number of federal drug investigations,

including charges unsealed in Tampa against the Panamanian leader this month.

On Thursday, Kalish, 35, spoke only of his remorse.

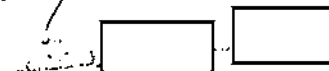
"Today I would like to apologize to this court and to the United States for my crimes," Kalish said.

"My lack of courage for not extracting myself from drug trafficking has ruined my life and the lives of many others. And for that I apologize."



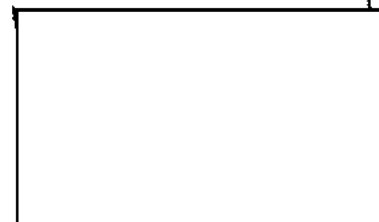
STEVEN M. KALISH

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1988



Kalish pleaded guilty to federal charges in Tampa last year that he and a partner, Leigh Bruce Ritch, built a drug organization that imported 500,000 pounds of marijuana and 3,000 pounds of cocaine into the United States between 1981 and 1985. The profits were said to exceed \$200-million in four years.

Kalish fled to Tampa in 1983, following the unsuccessful appeal of an unrelated drug conviction in Texas. He and Ritch, a native of Tampa, piled up so much cash in less than a year that it became unmanageable, Kalish has said.

Kalish told the U.S. Senate subcommittee on Permanent Investigations last month that he flew to Panama City in September 1983 to meet with Noriega and discuss plans for military protection and the laundering of drug profits through Panamanian banks. In 1984, Kalish bought a three-story, Spanish-style house around the corner from Noriega, he told the panel, and began paying a series of fantastic bribes.

Of the \$900,000 that Kalish allegedly paid Noriega, \$500,000 was a down payment on a \$4-million bribe that Noriega agreed to accept in exchange for allowing a planned shipment of 400,000 pounds of Colombian marijuana to pass through Panama.

Kalish provided the Panamanian Defense Forces with a Boeing 727 jet to fly cash profits from drug ventures to Panama City, according to the federal charges. And in return for a Bell 212 helicopter, Noriega allegedly extended an irrevocable \$1.9-million line of credit to Kalish in December 1983.

As part of his plea agreement, the proceeds of that transaction have been forfeited to the United States. Kalish, who was arrested by Tampa FBI agents while boarding a Learjet in July 1984, also forfeited \$250,000 in cash and two cars, a Jeep Wagoneer and a Porsche, Assistant U.S. Attorney Robert T. Kennedy said on Thursday.

Kalish pleaded guilty midway through his and Ritch's trial a year ago in Tampa. Ritch was convicted of 16 of the charges against him and sentenced to 30 years prison without parole.

Under the terms of Kalish's plea, federal prosecutors have a one-year option to seek a reduced sentence, but Kennedy said Thursday that the 14-year prison term is "fair in light of all the circumstances."

But Kalish's attorneys predicted they will be back.

"This is not the last chapter," said Sam Buffone, of Washington, D.C. "You're going to hear more about this case in the future."

(Mount Clipping in Space Below)

Workers hit Panama on canal pact

By LARRY ROHTER
of The New York Times

BALBOA, Panama — The Panamanian government has been mismanaging sections of the Panama Canal Zone and installations important to the canal that have already been handed over by the United States, according to Panamanian employees of the canal and shipping industry experts here.

Their comments about the government's performance raise grave doubts about its ability and willingness to run the strategic waterway impartially and efficiently and to abide by the terms of the Panama Canal treaties.

The Panamanian employees declined to be identified, saying they feared retribution on the part of the Panama Defense Forces, whose leader is Gen. Manuel Antonio Noriega, the Panamanian strongman.

The employees and other economic experts say Panama has violated at least two articles of its treaties with the United States, which call for full control of the canal to be handed over to Panama in the year 2000. It has also failed to carry out its obligations to maintain canal installations that have been gradually handed over since 1979 and to keep canal agencies free of corruption and politics, they say.

"As the year 2000 approaches, it is going to be necessary for laws to keep this organization a bit apart from the normal government structure, so there is no interference by other ministries or the implantation of political but unskilled people in the upper echelons," said Dennis P. McAuliffe, the American who is the current chief administrator of the Panama Canal.

Areas that have reverted to Panama under the terms of the Panama Canal treaties are under local control and, therefore, beyond U.S. jurisdiction. Mechanisms to raise formal complaints about treaty violations exist, but the United States is not known to have invoked them.

No one in Panama doubts the ability of the canal's Panamanian employees to run the waterway when the binational Panama Canal Commission disbands and the American role ends at noon on Dec. 31, 1999. The more than 7,000 employees of the canal, 83 percent of whom are Panamanians, are regarded as highly capable, well trained and dedicated to the well-being of the 50-mile-long canal.

But there is fear among some employees that they will not be allowed to administer the canal professionally and impartially after the United States departs because of domestic political interference. Their

concerns have accelerated since Noriega came to power five years ago and, they assert, extended political control and graft into supposedly autonomous government agencies that provide a model for the future canal administration.

"This government has put a political aspect to an equation that has no room for politics," said a Panamanian engineer who has worked at the canal for more than a decade. "As soon as you start to mix Panamanian politics with the running of the canal, that is the end of things."

Under the 1977 treaties, most of the former Canal Zone and many agencies associated with operating the canal have reverted to Panama. Panamanian employees of the canal and of related agencies say several of these operations, including ports, marine bunkering installations, a railroad, a bridge and air traffic control, are controlled by political appointees who have failed to run the operations efficiently and in a non-partisan way.

"It's common knowledge that these are not run well," said a Panamanian economist familiar with canal operations. "Any user of those facilities will tell you there are difficulties now that simply did not exist 10 years ago."

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120-254 sub 1 - 371

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Manuel Noriega

92C-2330-sub A-5

245B-148-sub 4-96
-sub 16-10
-sub 16-430

120-997 Sub A-38

AUTOMATED INDEX SEARCH

MANUAL SEARCH

The recent behavior of Noriega's beleaguered regime has added to the worries. Last month, for instance, his cash-starved government imposed a new "lights and buoy fee" that could generate \$3 million in new revenues. But some senior Panamanian employees of the canal say this has reduced the shipping industry's confidence in the canal's future because it could be viewed as violating an existing treaty.

In a related development Sunday, Vice President George Bush,

referring to the FBI's arrest last year of an accused terrorist at sea, said "don't be surprised" if the United States brings Noriega to trial in the United States on drug trafficking charges.

Bush said on Cable News Network in Washington: "I want Noriega out. It is our administration that has brought him to justice ... at least halfway to justice, through this indictment for drug smuggling," which was returned last month by federal grand juries in Tampa and Miami.

"There's a long outreach. We've seen it in a couple of terrorist cases lately ... so don't be surprised."

Bush, asked if he was suggesting the United States would snatch Noriega out of Panama, said: "I am suggesting the system has a way of working, bringing people to justice. And I hope it will in this case."

(Mount Clipping in Space Below)

Tampa drug-investigation witness to name Noriega

WASHINGTON — Graphic details of Panama strongman Manuel A. Noriega's alleged participation in drug smuggling and money laundering has been obtained by congressional investigators from a major American marijuana trafficker who described delivering \$300,000 in a briefcase to Noriega to demonstrate his sincerity.



Noriega

The Senate Government Operations permanent investigations subcommittee will hear testimony today from Steven Michael Kalish, a principal witness in a Tampa-based investigation by the U.S. Customs Service into Noriega's alleged role in illicit drug trafficking and schemes to disguise the proceeds.

In another Noriega case, it was learned that the Department of Justice plans to seek an indictment of the strongman and others on drug-trafficking and money-laundering charges in Miami next month.

A grand jury there is scheduled to hear testimony this week from Jose I. Blandon, the former Panamanian consul general in New York fired by Noriega two weeks ago. Blandon has vowed to make public details of Noriega's alleged corruption if he does not step down.

Department of Justice officials have voiced doubts about the legal strength of the Miami case, which depends heavily on testimony by Floyd Carlton Caceres, a Panamanian pilot now in the federal witness protection program. Caceres claims to have made drug-related payments to Noriega, and Blandon's testimony is expected to buttress that case significantly, one source familiar with the investigation said.

The Miami and Tampa investigations are taking place as the United States is intensifying pressure on Noriega to step down.

The Capitol Hill appearance by Kalish, a convicted marijuana smuggler who has been in jail for nearly four years, will mark the first public testimony by a witness who claims first-hand knowledge of Noriega's alleged role in flooding the United States with drugs.

Kalish has told investigators that he presented the briefcase of cash in September 1983 in Noriega's office as part of an effort to pave the way for drug deals.

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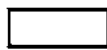
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Tampa

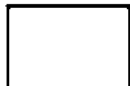
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(Mount Clipping in Space Below)

Panama's leader got millions in drug money, dealer testifies

WASHINGTON — A convicted drug smuggler told Congress on Thursday that he paid millions of dollars to Gen. Manuel Antonio Noriega to buy the Panamanian leader's help in laundering massive amounts of drug profits in the country's banks.

Steven Kalish, 35, a dealer who says his drug money once filled rooms of his Tampa, Fla., house, said Noriega was a "full-scale co-conspirator" in the drug ring that shipped marijuana from Colombia to the United States and stashed the profits in Panama.

As the testimony unfolded in Washington, a federal grand jury in Miami heard evidence from a key former aide to Noriega. Federal law enforcement officials, who spoke on condition that they not be named, said Thursday that the grand jury was planning to indict the Panamanian leader, perhaps as early as next week.

In testimony to the Senate Permanent Subcommittee on Investigations, Kalish said his relationship with Noriega started in 1983 when he presented the general with an introductory gift of \$300,000 in a briefcase.

The next year, Kalish said, he paid Noriega millions of dollars and helped him buy an executive helicopter.

Kalish said he and Noriega were such close business partners that he lent the general a Lear jet, bought with drug proceeds, to fly to Washington for a meeting with President Reagan in November 1983.

Kalish also said he paid a contact in the Teamsters union in Detroit \$825,000 to be used to bribe a U.S. Customs official in New York City to clear the way for a marijuana shipment.

Kalish said he did not know whether the bribe ever was paid and that he was arrested before that planned shipment was made.

Subcommittee Chairman Sam Nunn, D-Ga., said he had "no reason to disbelieve" the testimony, some of which Nunn noted has been corroborated by U.S. investigators looking into Noriega's alleged links to drug dealers.

Nunn said Kalish's revelations could only further strain the already tense relations between the United States and Panama. The United States cut off aid to Panama during last year's civil unrest, and earlier this month, a Pentagon official was dispatched to Panama City to urge Noriega to step down. The general refused to do so.

Juan Sosa, Panama's ambassador to the United States, rejected Kalish's charges, saying, "A convicted felon will say anything to get a better deal. I could not accept anything a convicted felon said as fact."

Kalish agreed to testify to Congress as part of a plea bargain with authorities after his July 26, 1984, arrest in Tampa for smuggling 250,000 pounds of marijuana. He has been in prison since.

Noriega has denied any involvement with drug smuggling and has accused American conservatives of instigating the charges to prevent the handing over of the Panama Canal to local control at the turn of the century.

Reagan administration officials, who refused to be identified further, said the Justice Department expected indictments of Noriega and several of his close associates for their purported links to drug trading, possibly next week.

Federal grand jury investigations in Miami and Tampa have been focusing on information from three convicted drug smugglers, including Kalish.

The prosecution's case against Noriega is expected to be strengthened significantly by the testimony of Jose Blandon, who served as chief political adviser to the Panamanian leader when he headed military intelligence. Blandon testified before the grand jury in Miami on Thursday.

Justice Department officials and Blandon's lawyers declined comment on the case.

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Blandon, who was recently dismissed by Noriega as consul general in New York, said in an interview Monday that unless the general removed himself from politics, he would disclose what he knew about his involvement in drugs and arms smuggling, money laundering and the murder of an opposition leader.

Kalish said his involvement with Noriega began after he became concerned about the huge amounts of cash piling up in his Tampa home. At one point, the money amounted to \$35 million, he said, and "the currency filled up entire rooms."

Kalish said he established contacts in Panama through two intermediaries. During his first visit to the country, he was instructed to bring a gift for the general big enough to show he was serious about doing business in Panama, he said.

"I brought \$300,000 cash in a briefcase," he said. "During a casual discussion with the general that lasted about 30 minutes, I discussed my desire to live and invest in Panama. As the meeting broke up, I left the briefcase and began to exit the room. Gen. Noriega called me back and said I forgot my briefcase. I told him it was for him and he smiled."



AP

Convicted drug smuggler Steven Kalish speaks with his attorney, Samuel Buffon, during Thursday's Senate hearing.

(Mount Clipping in Space Below)

STATE DEPT. AIDE HINTS AT A DEAL IF NORIEGA QUILTS

Abrams Suggests Indictments Might Not Be Pressed — Justice Dept. Says No

By ELAINE SCIOLINO
Special to The New York Times

WASHINGTON, Feb. 18 — A top State Department official has told Panama's President that indictments against the Panamanian military leader might be dropped if the general and his top associates withdraw from politics and go into exile, Administration officials and Congressional staff members said today.

But the Justice Department said it had told the State Department official that it would oppose any move to drop the indictments against the military leader, Gen. Manuel Antonio Noriega. That means any decision to dismiss the charges would have to be made by President Reagan.

A Meeting in Miami

The State Department official, Elliott Abrams, Assistant Secretary for Inter-American Affairs, discussed the matter in a private meeting in Miami on Wednesday with President Eric Arturo Delvalle, the Administration officials said. The meeting was first reported today in Newsday.

State Department officials said the proposal for a deal was initiated by President Delvalle, not by Mr. Abrams. They said Mr. Abrams had told Mr. Delvalle that the State and Defense Departments would probably be receptive to a dismissal of the indictments if General Noriega left Panama, but that the Justice Department would oppose it.

Mr. Abrams, through a spokesman, denied agreeing to any deal with Mr. Delvalle. But a Justice Department spokesman, John K. Russell, said Mr. Abrams had notified senior officials in the criminal division that "he would seek to have the indictment dropped against Noriega if he left the country."

"We told him we would be against the idea," Mr. Russell said.

Indicted in Florida

General Noriega was indicted by two Federal grand juries in Florida this month on charges of racketeering and other narcotics-related crimes.

Although President Delvalle, who is not under indictment, is the official head of state, General Noriega, the head of Panama's armed forces and police, is the country's de facto leader.

Mr. Delvalle was in Miami on Wednesday for a medical checkup.

A State Department spokesman said today that Mr. Abrams "didn't offer any kind of deal or agree to recommend quashing the indictment and made it clear to Delvalle that he had no power to offer such a deal." The spokesman quoted Mr. Abrams as having told Mr. Delvalle, "What is certain is that Noriega has to go."

Mr. Abrams's seeming willingness to explore the possibility of such a deal contrasts with public remarks in support of the indictment by Secretary of State George P. Shultz.

'The Proper Thing to Do'

In an interview with newspaper chains last week, Mr. Shultz called the indictment unprecedented, but added, "It's the proper thing to do." And early this week, the State Department issued a comprehensive statement that indicated support of the indictments.

After his meeting with Mr. Delvalle, Mr. Abrams informed key officials on Capitol Hill about his conversation and asked them how Congress would react if the indictments were dropped and if General Noriega and certain aides left the country, according to Congressional staff members.

"Abrams said he had had this meeting with Delvalle to try to cut a deal but didn't know if Noriega would buy it or not," a key Senate staff member said.

The Justice Department, and ultimately the President, have the power to petition for the withdrawal of an indictment or to decline to prosecute a case if, for example, there are serious concerns that sensitive national security issues might be revealed in an open court of law. But the Justice Department does not believe that there is any justification for dismissing the indictments against General Noriega.

Pentagon Declines to Comment

"There is nothing in the indictments that we can see that would be sensitive information that couldn't be submitted in camera to the judge and privy to both the prosecutor and the defense attorneys," Mr. Russell said.

A Defense Department spokesman said the Pentagon would have no comment on its position on the Noriega indictments. The Administration had been urging General Noriega to withdraw from politics to allow Panama to prepare for a free election now scheduled for April 1989.

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Before the indictment, State Department officials, including Mr. Abrams, were generally receptive to a plan drafted by José I. Blandón, a former close aide to General Noriega, that included immunity from prosecution for the Panamanian leader and his top aides if they stepped down.

During their discussions, however, Mr. Abrams apparently remained noncommittal when asked by Mr. Blandón whether the indictment could be prevented. "Administration officials never said yes or no about immunity," Mr. Blandón said in a recent interview. "They said, 'Let's see if Noriega accepts a plan like this.' They never said they'd take care of it."

It was unclear why Mr. Abrams appeared to go a step further during his meeting with Mr. Delvalle. But State Department officials said there was a realization in some quarters of the Administration that dropping the indictments might be the only way to get General Noriega out of power.

"Noriega isn't here, and there is not much chance of getting him here," a State Department official said. "So it may be in the overall interest of justice to find some other punishment, such as his removal from power."

(Mount Clipping in Space Below)

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'Gentleman smuggler'

Drug operation helped flood Steven Kalish's Tampa home with cash

By MILO GEYELIN
 Times Staff Writer

TAMPA — Had Steven Michael Kalish not headed a multimillion-dollar drug ring in Tampa, he might have been the perfect corporate president, or perhaps a politician, say those who know him well.

Instead, Kalish moved into a stylish Tampa house in 1983, managed an international drug organization and piled up so much cash in one year that his money-counting machines couldn't keep up with the volume. The same year, Kalish allegedly began paying bribes for money-laundering services and protection to Panamanian military leader Manuel Antonio Noriega.

This Thursday, Kalish, 35, is scheduled to be sentenced in U.S. District Court in Tampa on charges that he and his partner, Leigh Bruce Ritch, built a Tampa-based organization responsible for smuggling 500,000 pounds of marijuana and 3,000 pounds of cocaine into the United States between 1981 and 1985.

Kalish pleaded guilty to the charges in an agreement with prosecutors during his and Ritch's trial a year ago in Tampa. Since then, Kalish has emerged as the key government witness behind an unprecedented federal drug indictment filed against Noriega in Tampa this month.

The indictment, unsealed simultaneously with separate federal charges against Noriega in Miami, is the first federal indictment of a major foreign leader, let alone one whose government has received substantial financial and military aid from the United States.

Noriega is charged in Tampa with one count of conspiracy and two charges of attempting to import marijuana. If ever brought to trial, he faces 35 years in prison and \$265,000 in fines.

The charges allege an outlandish series of bribes and payoffs. In exchange for Panamanian banking services and military protection, for example, Kalish allegedly gave Noriega more than \$900,000 in cash and jewelry.

Kalish, described by friends as extremely smooth, smart and engaging, is now a central figure in an international scandal. He faces a minimum sentence of 10 years in prison and a maximum of 20 years. And he knows that the help he gives to the office of U.S. Attorney Robert Merkle will play a role at his sentencing.

"Obviously," says Dick DeGuerin, Kalish's friend and defense attorney in Houston, "he's hoping he won't have to spend too much time in jail."

Kalish, the son of a mid-level executive for the Gulf Oil Corp. who died in 1980, was born in Texas and grew up in Bellaire, a comfortable but not extravagant suburb of Houston.

"There's nothing much to tell," says Charles Wells, an assistant principal at Bellaire High School. "He was a dropout."

In the school's 1971 yearbook, Kalish's last year, he is pictured with brown, shoulder-length hair parted

down the middle. He lists no activities, no hobbies, no sports.

He did, however, have one interest. Before Kalish dropped out in the 11th grade, he led a delegation of students to the Texas Legislature in Austin to lobby — unsuccessfully — for the decriminalization of simple possession of marijuana, says DeGuerin. Kalish was already selling marijuana by then.

"I don't believe he ever had a straight job," says DeGuerin. "He started off in high school like a lot of kids in those days: just sharing marijuana with friends. And that led to selling marijuana to friends and that led to supplying marijuana with friends, and then he just grew right up the ladder."



KALISH

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By age 27, Kalish had been indicted twice in Houston for trying to import 140,000 pounds of marijuana in two offshore loads nine days apart in December 1979. The second seizure — 100,000 pounds — was then the largest ever in Texas. He was arrested in Houston a month afterward.

"From what I saw, he appeared to be a very intelligent person," says George Jacobs, a Texas lawyer who, as head of the narcotics division for the U.S. Attorney's Office in Houston in 1979, prosecuted Kalish.

"Basically, he looked like a corporate executive," Jacobs said. "He probably could have been a corporate executive if he had gone in that direction. . . . He was unlike anyone I had ever prosecuted in the drug business before."

DeGuerin won an acquittal on the first indictment against Kalish, but Kalish was convicted of three of the charges in the second indictment. He was given three consecutive, four-year prison sentences.

DeGuerin appealed, while Kalish remained free on \$150,000 bond, and two of the remaining convictions were thrown out. The third was upheld by the U.S. Supreme Court in May 1983.

Kalish, facing a four-year prison term, fled to Tampa. By then, says Assistant U.S. Attorney Robert Kennedy in Tampa, Kalish and Ritch, who was born and raised in Tampa, had known each other for two years. They met in 1981 "through mutual drug importers and distributors in Texas," says Kennedy.

Together, say Kennedy and Assistant U.S. Attorney Mark Jackowski, Kalish and Ritch set up a smuggling organization and a sophisticated nationwide distribution network that made more than \$200-million in four years.

Ritch, 34, was convicted last year and sentenced to 30 years in prison. He was the financial planner, Kennedy said during his opening arguments in the Tampa trial a year ago.

"Mr. Kalish," said Kennedy, "was more of a hands-on guy, a man with a talent for administration and detail, a man who was a leader, who could inspire people, get them to work for him — and work for him fairly efficiently."

While a fugitive, Kalish bought a lakeside house in Tampa under an assumed name at 12531 Saint Charlotte Drive. It had a swimming pool, a Jacuzzi and a carport for the three cars — a BMW, a Chevrolet Blazer and a red Ferrari — that Kalish owned, also under assumed names.

Inside, Kalish, a computer buff, programmed Apple and Radio Shack home computers for book-keeping. He entered coded phone logs for offloaders and suppliers, receipts and a breakdown of distribution sites and distributors in Indiana, Illinois, Ohio, Michigan, Kentucky, North Carolina, Pennsylvania and Vermont, according to trial records.

In one successful venture, nicknamed the "Bulldog" for the name of the vessel, a tug towed in 280,000 pounds of marijuana on a refrigerated barge to Louisiana in the summer of 1983. More than 100 people were involved in unloading the cargo and delivering it by tractor-trailer trucks to Ohio, according to trial records. Kalish and Ritch made \$15-million to \$20-million from that venture alone.

"The sheer volume of cash generated in 1983 soon overwhelmed our organization," Kalish told the U.S. Senate Permanent Subcommittee on Investigations last month. The cash filled the rooms in his house, he said.

"Although we were sending out millions of dollars to pay our Colombian suppliers, at one point we had in excess of \$35-million in Tampa. We had money-counting machines, but had to stop any counting because we could not keep up with the volume," Kalish said. "This experience led me to realize that dealing with cash from larger importations was a serious problem."

It also led to some free-spending celebrations. In December 1983, Kalish and Ritch celebrated the "Bulldog" venture by taking 55 friends and relatives on a seven-day cruise out of Miami aboard the luxury liner *Norway*. Ritch, according to evidence at the trial, paid \$94,000 in cash for his group.

Kalish told the Senate panel he became attracted to Panama in 1983 because of its international banking facilities. He flew there aboard a chartered Lear jet Sept. 22, 1983, with \$2.4-million in cash and met with Cesar Rodriguez-Contreras at the Bank of Boston Building in Panama City, Kalish said.

Rodriguez, an associate of Noriega's who was murdered in Colombia in 1986, "offered me an entire package of corporate banking and investment services and even armored car delivery from the airport," Kalish testified.

Rodriguez also introduced Kalish to Noriega at Noriega's home. Kalish told the subcommittee. At their first meeting, Kalish delivered a suitcase with \$300,000 cash, he said, and discussed his investment plans in Panama.

For the next 10 months, Kalish told the panel, he used Panama as his base, living in a three-story Spanish-style house around the corner from Noriega's.

In November 1983, Kalish bought the Panamanian Defense Forces a Boeing 727 jet to deliver shipments of drug profits from the United States to Panama. In exchange for a Bell 212 helicopter Kalish bought for the defense

forces, according to the charges, Noriega arranged for an irrevocable \$2-million line of credit for Kalish from a Panamanian bank.

Noriega also provided Kalish with a diplomatic passport and agreed to let Ritch and Kalish use Panamanian banks to launder more than \$100-million in anticipated profits from a 1-million-pound marijuana smuggling venture that Kalish was organizing in Colombia in early 1984, according to the federal charges.

Noriega and Kalish even became friends, according to Kalish. When Kalish and his wife Denise visited Noriega's ranch in February 1984, the general ordered flowers and attached a personal

note welcoming Denise, though he misspelled her name. Kalish produced the note when he testified before the Senate subcommittee last month.

The Kalish-Ritch organization began to fall apart when the FBI arrested Kalish on July 26, 1984, as he was boarding a chartered Lear jet under an assumed name at Tampa International Airport. Ritch was arrested after he was detained in 1986 as he stepped off a Lear jet in Jamaica.

"Kalish was very poised, very cool. He showed no emotion," says Tampa FBI spokesman Larry Curtin. Kalish's only expression, says Curtin, was one of momentary sur-

prise. It was not out of character. For all the money and intrigue involved in their organization, Kalish and Ritch eschewed violence, both defense attorneys and prosecutors agree.

"He was a gentleman smuggler and a worthy adversary," says a Drug Enforcement Administration agent in Shreveport, La., whose investigation of Kalish led to the two Texas indictments and a third handed up while Kalish was a fugitive.

"Kalish was an adrenaline freak. I think he enjoyed the risk. My God, I don't think he was doing it for the money. By that time, he had to have plenty of money."

(Mount Clipping in Space Below)

Panamanians mount new nationwide strike

A Tribune Wire Report

PANAMA CITY, Panama — Soldiers stood guard on downtown street corners today as the opposition launched a new general strike aimed at toppling Gen. Manuel Antonio Noriega by completely shutting down the already crippled economy.

The opposition Civic Crusade — a coalition of business, professional and civic groups — called the indefinite general strike after the government declared a "state of urgency" Friday because of what it called the U.S. "undeclared war" against Pan-

ama's economy.

More than \$50 million of Panamanian assets and payments for the Panama Canal have been frozen in the United States, creating a severe cash shortage and banking crisis.

Panamanians prepared for the strike by stocking up on food and other essentials. Opposition leaders said the stoppage would paralyze the country's economy and would continue until Noriega steps down.

But an independent economist said it would be difficult to judge the success of the strike because much of the economy has already ground to a halt from the three-

week cash and banking crisis.

"The strike will have an important psychological effect, but the economy is already paralyzed," the economist said.

The Civic Crusade staged a successful four-day strike Feb. 29-March 3 after civilian President Eric Arturo Delvalle was ousted by Noriega supporters in the National Assembly. The United States still supports Delvalle, who is in hiding.

Troops armed with automatic weapons were posted on many downtown street corners Sunday, and their numbers appeared to increase overnight.

support of all the Panamanian Defense Forces. ... For that reason, he located the arms outside of the military installations and he can have them ... when he wants," Villalaz said.

He said Noriega ordered 16 flights to bring in 500,000 pounds of arms. Sources in Panama have told United Press International that Noriega brought in at least one 16-ton load of Cuban rifles and ammunition.

Villalaz said he was not sure if Noriega planned to use the arms

In Washington, meanwhile, a senior air force pilot who defected from the Panamanian Defense Forces after participating in last week's failed coup against Noriega, said Sunday that Noriega has secretly stockpiled tons of Cuban-supplied weapons.

Maj. Augusto Villalaz said on ABC News's "This Week with David Brinkley" that he had flown three plane loads of Cuban weapons to Panama in recent weeks and that Noriega had hidden them around the country for use in possible guerrilla action.

"He knows he can't count on the

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Noriega stockpiling Cuban arms

■ From Page 1A

against U.S. forces, but he agreed that Noriega might have ambitions beyond Panama. He said it would be "good for" Noriega and for those who "have been supplying arms to him" to create problems in Panama and Central America.

The defection of Villalaz and another air force pilot, Raoul Anel Adames, came amid reports that Panama's military has undergone a purge following last week's coup attempt.

Secretary of State George P. Shultz, interviewed Sunday on the NBC News program "Meet the Press," said the defection of the two pilots indicated the existence of divisions within the upper ranks of the Panamanian Defense Forces, which Noriega heads.

"Increasingly, the military is cracking open and making it clear that they want him to leave," Shultz said. He added that the defection "is evidence of a cracking very close to him. So he must leave, and I think the weight of opinion is that way, and he is going to have to do it."

In Panama, the indefinite work stoppage today was called after Noriega last week rejected a Washington plan for his removal as "unacceptable, illogical and anti-Panamanian."

Noriega reportedly told William Walker, a deputy assistant secretary of state, that he wanted to remain in Panama and take part in the formation of a transitional government.

Shultz, however, said Sunday



Reuter photograph

A student hands opposition leaflets to bus passengers in Panama City on Sunday.

that Noriega "can't expect to have any say in the transition."

Aurelio Barria, head of the opposition coalition that called for today's strike, also said he opposes Noriega's desire to play a continuing role in Panama's government.

"We don't have anything to negotiate with him except his departure — the day and the flight number," Barria said.

Shultz said Noriega "should settle quickly before the opportunity that's there before him to go to Spain should disappear."

Referring to that comment, Barria said he understood the U.S. proposal encouraging Noriega to leave had a time limit of only a few days.

He also said he had heard of meetings within the Defense Forces to discuss Noriega's future. He predicted "some reaction" this week, although he said he did not know at what level those meetings were being conducted.

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Noriega departure discussed

By JOHN M. GOSHKO
of The Washington Post

Two senior State Department officials met at least twice in Panama Friday with military strongman Gen. Manuel Antonio Noriega for face-to-face talks on possible terms for his surrendering power and subsequent exile.

U.S. officials said Friday night that William G. Walker, deputy assistant secretary of state for Central America, and Michael G. Kozak, the department's deputy legal adviser, met with Noriega to discuss a possible arrangement for him to accept political asylum in another



Noriega

country, probably Spain, in exchange for a U.S. promise not to seek his extradition. Noriega was indicted by two federal grand juries in Tampa and Miami last month on drug-trafficking charges.

Despite a spate of rumors about Noriega's imminent departure, U.S. officials here cautioned that as of Friday night no agreements had been reached.

U.S. officials said that Noriega initially took a defiant attitude, which one called "a bunker mentality," in the talks. They said that Walker and Kozak were attempting to convince Noriega that neither he nor the Panamanian government can continue more than a few days without the country being overtaken by total financial and political cha-

os.

In Panama City, meanwhile, the Noriega-controlled civilian government, citing an "undeclared war" against its economy by the United States, decreed a "state of urgency" and said it would take unspecified measures to confront it, preserve order and repel attacks on the economy.

Opposition leaders said they feared a crackdown against them, but there were signs that the moves could lead to creation of a new Panamanian currency to overcome the government's acute shortage of dollars.

According to the officials, Noriega, who has controlled Panama since 1983, had been demanding dismissal of the drug trafficking indictments and an arrangement under which he would remain in Panama in retirement.

But Walker and Kozak had been instructed to refuse these demands, the officials said, and were authorized only to promise that the United States would not actively seek Noriega's extradition or attempt to get control of any of the millions of dollars that Washington claims he has siphoned from drug dealing, money laundering and other alleged illegal activities.

Growing popular resentment against Noriega in Panama reached crisis proportions last month when the indictments were returned in Florida and Noriega ousted Panama's civilian figurehead president, Eric Arturo Delvalle.

The United States has continued to recognize Delvalle, who is in hid-

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Noriega declares Panama under 'state of urgency'

■ From Page 1A

ing in Panama, as president. The Reagan administration also has helped Delvalle and his allies in exile here to freeze the Panamanian government's bank accounts in the United States, thereby helping to precipitate a financial squeeze that has thrown the country into turmoil.

Noriega fought back by appealing to Panamanian nationalist sentiment with claims that Washington seeks to undo the 1978 Panama Canal Treaties, under which Panama will gain control of the canal at the end of the century. Although Noriega apparently retains the loyalty of the 15,000-member Panamanian Defense Forces, it has been clear for

several days that the financial squeeze is subjecting his control to increasing strains.

Last week, Spanish Prime Minister Felipe Gonzalez sent his principal foreign-policy adviser, Jose Antonio Yanez, to Washington with an offer of political asylum for Noriega if the United States agreed not to seek his extradition and to publicly reaffirm the U.S. commitment to adhere to the canal treaties.

Noriega initially resisted the idea of exile in Spain or any other country. But the officials said, as the turmoil increased this week, Noriega signaled his willingness to discuss the matter, and Walker and Kozak left, unannounced, for Panama Thursday night.

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U.S. deal to drop Noriega charges draws criticism

A Tribune Wire Report

WASHINGTON — The White House said Thursday the United States was immersed in diplomatic "plea bargaining" aimed at coaxing Panama's Gen. Manuel Antonio Noriega from power, while a U.S. attorney urged that the drug indictments against the de facto ruler be prosecuted rather than dropped.

"We're still talking," said White House spokesman Marlin Fitzwater. "What this amounts to is a plea bargain."



Merkle

At the Justice Department, U.S. Attorney Leon Kellner of Miami, who obtained an indictment against Noriega, met with Attorney General Edwin Meese III and later issued a statement saying he wants to carry out the Noriega prosecution.

"I am authorized to say his views haven't changed and he wants to proceed with the case and he's ready to proceed with the trial," said Ana Barnett, Kellner's executive assistant. Meese declined to comment on the Noriega situation.

U.S. Attorney Robert Merkle, who won the Tampa indictments against Noriega, has said he would be fired before he would drop the charges. Merkle, in Jacksonville prosecuting Carlos Lehder Rivas, alleged to be a member of the same Medellin cartel that prosecutors say paid Noriega to protect its interest, refused comment Thursday.

Romulo Escobar Bethancourt, a senior Noriega adviser, said he has discussed the twin federal indictments pending against Noriega in eight secret meetings with Michael Kozak, a U.S. deputy assistant secretary of state responsible for negotiating a deal.

Noriega was quoted Thursday as saying that there will be no deal with U.S. authorities seeking his ouster as long as American "aggression" against Panama continues.

The Panamanian leader was indicted Feb. 4 by grand juries in

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Tampa and Miami on 15 criminal charges accusing him of providing protection and money-laundering services to Colombia's Medellin cocaine cartel.

Administration sources said Wednesday the indictments against the de facto Panamanian ruler would be dropped if he stepped down and left the country for a year. The sources said Meese objected to the offer, which was approved at a White House meeting.

An administration source said that if Noriega accepts the deal, he would step down in August and would stay out of Panama until after the 1989 presidential elections.

The administration move reflected increasing frustration with the failure to dislodge Noriega after weeks of diplomatic, economic and political pressure. But it was criticized immediately.

"I don't think you drop indictments against drug pushers and people suspected of murder," Democratic presidential front-runner Michael Dukakis said.

Vice President George Bush, who has locked up the GOP nomination for president, said: "I favor getting Noriega out. ... When negotiations are going on that are sensitive, you don't discuss them."

Sen. John Kerry, D-Mass., however, said in a CBS interview that if descriptions of the offer were accurate, it would appear to be a victory for Noriega, allowing his loyalists to retain control while he spent "a year's vacation on the Riviera."

Sen. Alfonse D'Amato, R-N.Y., agreed, calling the deal a "terrible mistake."

Tampa Mayor Sandy Freedman sent a telegram Thursday to the White House, backing the Justice Department's opposition to the Noriega deal and criticizing Reagan.

In Miami, the federal judge handling the Noriega case questioned whether the government alone can drop the drug indictment.

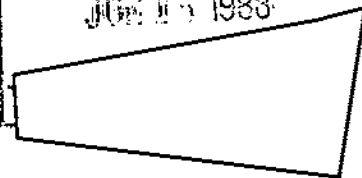
"My understanding and knowledge of the law is that the presiding judge is not required to dismiss an indictment on the motion of the government," U.S. District Judge William Hoever said. "However, I am having the law researched further."

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JUN 15 1988



Noriega Informer Files May Be Missing

By LESLIE MAITLAND WERNER

Special to The New York Times

WASHINGTON, May 24 — Federal agents are investigating whether documents related to the drug case against Gen. Manuel Antonio Noriega, the Panamanian leader, disappeared from a box of records turned over to American drug agents in Panama, according to the United States Attorney in Miami.

The prosecutor, Leon B. Kellner, whose office is responsible for one of two indictments against the Panamanian, said today that investigators are trying to determine whether the documents were among those provided by an informant and, if so, whether they were stolen.

Law enforcement officials said the informant had provided agents of the United States Drug Enforcement Administration with a sealed box of documents in Panama about a month ago. The box was held at the embassy there before being shipped to Miami, they said. Later, in Miami, the informant examined the box and asserted that some important documents were missing.

The informant, whose identity is being protected, was said to have asserted that the missing documents included logs from two Panamanian pilots of drug-smuggling flights who had been identified in the Miami indictment as close Noriega associates.

Noriega Signature Alleged

Law enforcement authorities said the informant described other missing documents as computer printouts of accounts at the Panamanian office of the Bank of Credit and Commerce International, which authorities have linked to money-laundering operations.

The informant, who authorities said had passed a polygraph test, was also said to have turned over a document signed by General Noriega that linked him to a front company used by one of the two pilots. Law enforcement officials said the documents were not considered necessary to win convictions on the indictments, which were obtained in February before the informant began providing evidence.

The informant, a lawyer, has been regarded by the drug agency as reliable, officials said.

The officials added that the case is important because it might signal that someone within the drug agency, or the embassy, has been secretly working to assist General Noriega.

"If the informant's story is true, someone tried to thwart the inquiry into Noriega," an official familiar with the situation said. He added, however, that the informant could have made up the existence of missing documents.

"It's obvious that bank records or flight logs would be important documents," this official said. "It wouldn't take a great mind to make it up."

Perjury Indictment Possible

Robert Feldkamp, a spokesman for the drug agency, said it was conducting an internal investigation along with the United States Attorney's office in Miami. Other officials said the matter might be presented to a Federal grand jury for investigation. That would allow the threat of a potential perjury indictment to be used to help coax accurate testimony from those who might be involved.

Mr. Kellner, who for personal reasons plans to leave his post as United States Attorney on June 17, has strongly opposed Administration efforts to negotiate a deal with General Noriega under which the Panamanian would leave his country in exchange for the dropping of the charges. The Administration has faced growing criticism over its stance in the talks. The political opposition in Panama today said it would oppose such a settlement.

Juan B. Sosa, an opponent of General Noriega who the United States recognizes as the Panamanian Ambassador to Washington, complained that Washington had no business negotiating Panama's political future. He said the

opposition would reject any such settlement and that if the United States consummates the deal, "there will be no peace in Panama."

His comments exacerbate an already awkward situation for the Reagan Administration.

The State Department has said that Eric Arturo Delvalle, to whom Mr. Sosa is loyal, remains the legal President of Panama. At the same time, Mr. Delvalle and Mr. Sosa oppose the negotiations.

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Merkle: Just say no to Panama's Noriega

A Tribune Staff Report

WASHINGTON — U.S. Attorney Robert Merkle said Friday that the United States, frustrated in trying to oust Panamanian Gen. Manuel Antonio Noriega, is now considering "bribery."

"I understand the latest talk around town is that Mr. Noriega is going to be offered the free use ... of all his assets if he'll just leave Panama," Merkle said in an anti-drug speech in the capital.

"I ask the question, if that is indeed the case, since when has bribery become an effective and appropriate means of resolving regional conflicts?"

Merkle's comments came in a speech to the President's Executive



Merkle

Exchange Alumni Association, a non-partisan organization of government officials and private sector executives.

"How can we, as a nation, tell our children to say no to drugs if, when we indict international terrorists in drugs, our State Department suggests they be given a free ride?" Merkle said. "We can't do it."

Asked to elaborate on the "rumblings" he mentioned, Merkle said, "I'm just hearing talk, rumors. The proposal being discussed ... that we will identify his assets ... foreign banks and move to seize them unless he departs."

In a press briefing Friday, State Department spokeswoman Phyllis Oakley refused to discuss U.S. options regarding Noriega.

Merkle, a possible Republican U.S. Senate candidate, refused to say whether he will enter the race for the seat now held by retiring Sen. Lawton Chiles, D-Fla.

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Drug smuggler linked to Noriega gets 5 years

By TOM BRENNAN
Tribune Staff Writer

TAMPA — A member of a marijuana smuggling ring linked to Panamanian Gen. Manuel Antonio Noriega was sentenced Wednesday to five years in prison on federal drug conspiracy charges.

Howard Lawrence "Ugly" Felchlin, 41, pleaded guilty in April to overseeing an ill-fated effort to import 165,000 pounds of Colombian marijuana in 1985.

U.S. District Judge William Terrell Hodges said Felchlin deserved a substantial jail sentence despite his continued cooperation with investigators.

"To do anything else would deprecate the gravity of the offense," the judge said.

Felchlin was part of the smuggling group headed by Leigh Bruce Ritch and Steven Michael Kalish. Ritch and Kalish have told congressional investigators that Noriega was "a full-scale co-conspirator" in their drug business.

A federal grand jury in Tampa indicted Noriega in February for accepting \$4 million from Ritch and Kalish for allowing the group to use

his country as a way station and staging area for their smuggling efforts and for masterminding the laundering of more than \$100 million of the ring's profits.

Felchlin pleaded guilty to being the group's representative aboard the tugboat Sea Maid I when it attempted to smuggle \$50 million worth of marijuana from Colombia to Norfolk, Va.

The tugboat and the barge it was towing were detected by the U.S. Coast Guard 300 miles east of Cape Hatteras, N.C. The boat was boarded Oct. 3, 1985, and towed to Jacksonville.

Officials dropped the initial charges against Felchlin because they feared for an informant who had infiltrated the ring. Felchlin was indicted along with Ritch and Kalish in June 1986, but he remained a fugitive until his arrest at a girlfriend's Tampa apartment in January.

Felchlin apologized to the nation, the court and his friends before sentencing. He said the physical and mental fatigue of life on the run outweighed the money he had made smuggling.

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Noriega wants case ended, denies deal

MIAMI (UPI) — Lawyers for Gen. Manuel Antonio Noriega filed a sealed motion Thursday to dismiss drug charges against the Panamanian strongman, but denied prosecutors' suggestions that Noriega was seeking to "cut himself a deal" in a U.S. presidential election year.

"I am not engaging in any kind of political chicanery," said Noriega lawyer Neal Sonnett of Miami. "We have important legal issues. Those are the only things we're arguing. There is no political purpose at all."

Noriega, the chief of Panama's armed forces and the de facto ruler of the Central American country, was indicted by federal grand juries in Tampa and Miami on Feb. 4 on drug trafficking charges.

He originally had until May to file a motion to dismiss the charges, but U.S. District Judge William Hoeweler twice agreed to extend the deadline, most recently in July, and ordered the motion must be kept sealed when it was filed.

Prosecutors in July asked that Sonnett's motion to dismiss charges be filed immediately to avoid the possibility that Noriega was delaying to make "wild allegations" during the height of the U.S. presidential race, U.S. Attorney Dexter Lehtinen said.

"When you're arguing a Noriega case, when Neal Sonnett has every ability and opportunity to file his motions to dismiss in a timely fashion and does not do so, it leads to the conclusion that they're being delayed to file them closer to the election," Lehtinen said Thursday.

But Sonnett said the extensions were for legitimate reasons.

"I simply needed more time to prepare the motion," he said. He al-

so said he would be willing to delay the motion until after the election.

Prosecutor Richard Gregorie, who argued in court in July, said Wednesday, "My concern is that Noriega would see this as an opportunity to put materials in there that could have some bearing on our elections and might use that as some sort of blackmail to cut himself a deal with the (U.S.) government."

"I want to be sure that ... this is not being used as some political tool to attempt to coerce the administration into some sort of deal," he said. "It doesn't matter to me who's in power. I'm a prosecutor, not a politician. I just don't want them to play politics with it."

The issue came up during the 1988 campaign of Sen. Bob Dole, R-Kan., for the Republican presidential nomination. He raised the question of whether Noriega was on the CIA's payroll in 1976 and 1977, when Vice President George Bush was CIA director.

Bush has acknowledged he knew of allegations that Noriega was involved in the narcotics trade prior to drug indictments in Florida. But he said his first substantial information came from the indictments.

Sonnett refused to detail the contents of the 65-page motion.

"I would be arguing that the government had no jurisdiction to indict Noriega. And the court lacked jurisdiction to hear the case. And that we would be arguing reasons we thought the indictment is invalid," he said.

The government has three weeks to respond to the motion.

Lehtinen said that he believes Noriega will eventually stand trial.

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Ghost of hero Spadafora veils Noriega's Panama

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By TIM COLLIE
Tribune Staff Writer

PANAMA — Three years ago, a swashbuckling, charismatic doctor seeking to thwart a pockmarked dictator lost his struggle and this tiny troubled country lost its soul.

While many Americans date the troubles in Panama from earlier this year when strongman Gen. Manuel Antonio Noriega was indicted in Tampa and Miami as a drug smuggler and arms dealer, the issue in Panama long has been his role in the assassination of government critic Dr. Hugo Spadafora in 1985.

That points to how differently the two countries view Noriega: In the United States, he's just another drug dealer who happens to own a country; to his countrymen, he is a cold, brutal killer who happens to be in charge.

These differing perceptions of the enigmatic general lie at the heart of the political and economic crisis that has convulsed Panama for more than a year. Though most analysts agree that problems in Panama have been put on the shelf until after the U.S. presidential election, these differences are likely to haunt whoever moves into the Oval Office. They would surely complicate any deal by American interests that would grant a man commonly regarded by many Panamanians as a murderer some form of political power.

"This has been going on since Noriega came into power," said David McCullough, a historian considered one of the foremost U.S. experts on Panama. "It isn't just that Noriega's a drug dealer. He's a murderer and a torturer and he's committed just about every other crime imaginable. This is common knowledge in Panama."

"You cannot deal with someone like this man," said Guillermo Sanchez Borbon, a well-known Panamanian journalist who lives in exile in Miami. "It would be like dealing with Hitler. Do you deal with Hitler? Can you deal with Hitler?"

It was the killing of Spadafora — not the drugs, not the corruption — that distinguished the pockmarked Noriega from his corrupt predecessors and put Panama on a course toward the violence and barbarity of its Central American neighbors.

Not just politics

Sanchez-Borbon believes that Noriega reacted so violently to Spadafora for reasons other than merely political. After all, Noriega had many other critics who lashed out at him, sometimes in more scathing terms than Spadafora. What Sanchez-Borbon suggests lies at the heart of the cult of sexuality and machismo that Noriega has cultivated around himself — that the dictator wanted to kill Spadafora because of his dashing good looks, his intellectualism and his revolutionary heroics in Nicaragua.

In early pictures, Spadafora looks like a young Elvis Presley. He was a successful doctor, whereas Noriega wanted to study psychiatry but was forced into the army because his family was poor. Spadafora was a well-known writer and politician, whereas Noriega often tries to impress visitors with his cursory knowledge of literature and history, say many Panamanians who know the general.

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"Hugo was a doctor," Sanchez-Borbon wrote recently. "Noriega wished to study medicine but missed the chance. Hugo was handsome. Noriega is, in the kindest term, grotesque. And Hugo had the daily beauty in his life that the general envied, the gift of health, the gift of youth — that is to say, of enthusiasm — the capacity to care for things outside himself."

Spadafora's beheading was an act specifically designed to frighten and shock Panamanians, said Sanchez-Borbon. The act of beheading in Panama is fraught with much symbolism since the Spanish explorer Balboa, who discovered the Pacific from the country's shores, was beheaded in Panama by Spanish soldiers.

"We (Panamanians) are all taught in school from the time we are very young about Balboa and the horror of beheading," said Sanchez-Borbon. "In Nicaragua, in El Salvador, this is the way things are done, I know. But in Panama this just was not done until Noriega."

Always, dissent and protest were tolerated only up to a certain point, at which time critics usually were sent into exile in Miami or cities in South America. Never before had dissent been as brutally cut off as in the case of Spadafora.

As allegations of Noriega's involvement in the death grew, so did unrest. As opposition leader Ramon Eskildsen later put it, "Here we are not accustomed to seeing bodies with no heads."

The final blow

Said Sanchez-Borbon: "For the people, the Spadafora killing was the last straw with Noriega. His killing brought down one Panamanian president and it brought thousands out into the streets. It was the beginning of the end for Noriega."

According to some Panamanians, the 46-year-old Spadafora supplied much of the information that eventually led to the federal indictments against Noriega for drug and arms smuggling that were issued in Tampa and Miami last February. Just a month before he was killed, Spadafora made contact with the U.S. Drug Enforcement Administration and gave agents information linking Noriega and the Nicaraguan Contras in drug running, says Sanchez-Borbon, who was a close friend of Spadafora's.

But it wasn't until last February — more than two years after Spadafora's death — that Noriega was indicted in federal district courts in Tampa and Miami on charges of laundering drug money and shepherding cocaine and marijuana shipments into the Tampa Bay area and elsewhere. Federal investigators say Noriega used such schemes as Panamanian diplomatic pouches and visas, which are immune from U.S. inspection, to sneak the drugs into Florida.

Noriega, whose personal worth is estimated to be between \$400 million and \$1 billion, made his fortune through a multimillion-dollar bribe arrangement with members of Colombia's notorious Medellin cocaine cartel, U.S. officials claim.

In return for money, the Panamanian strongman provided cartel members with cocaine-processing facilities, airstrips, secret bank accounts and Panamanian army protection when members were chased into his country by Colombian police, the indictments state.

Some U.S. intelligence experts think Noriega is choosing to stay in Panama for fear of being assassinated by the cartel members, who realize the dictator has extensive knowledge of their operations and knows where many skeletons are buried. A Panamanian army officer who defected to the United States in March has said Noriega has stashed millions of dollars of arms throughout Panama to fight a guerrilla war against any type of invading force.

Spadafora also was in a position to know where many skeletons were buried. In 1978, after serving as Panama's vice minister of health, the self-proclaimed revolutionary headed for Nicaragua to fight alongside the Sandinistas and helped them overthrow the government in

1979. But after seeing what he believed was a betrayal of the revolution, he changed course and joined the Contra rebel forces in 1982. Later, he grew disillusioned with them and began fighting with the Nicaraguan Miskito Indians.

"He'd been living in San Jose, Costa Rica, and commuting to the war in Nicaragua," Sanchez-Borbon says.

Monstrous torture

Despite repeated death threats aimed at him in the government-controlled press — one that even mentioned beheading — Spadafora's plan was to return to Panama from exile in Costa Rica and enter politics. That would have given him a public platform to denounce Noriega as a tyrant and cocaine trafficker. On Friday the 13th of September 1985, he set out on a public bus from the Costa Rican border on a trip to Panama City.

Spadafora made it only 10 miles inside the border, to the small town of Concepcion, before he was pulled off the bus by plain-clothes members of the Panamanian Defense Forces and taken to a local garrison, witnesses say.

The next day, his headless corpse was found in a gully in Costa Rica, stuffed in a U.S. mailbag. According to a copy of an autopsy obtained by Sanchez-Borbon, parts of the body had been beaten until they were "monstrously swollen," the muscles in the leg had been cut precisely by an anatomical expert so that the victim couldn't move while he was being tortured.

Spadafora had been sodomized and his sexual organs tortured. "F-8" — the name of a PDF secret police detail — had been carved on his back. His head, which apparently was cut off while he was still

alive, was never found.

What he was unable to do in life, Spadafora accomplished in death by galvanizing popular sentiment against Noriega, both American experts and Panamanians agree. The Spadafora assassination began a series of events that have rolled like tidal waves over this tiny isthmus country, sweeping away a comfortable culture that once prided itself for moderation in the midst of its more violent neighbors.

When Spadafora's family publicly protested the government's handling of the investigation into the physician's death, then-president Nicolas Ardito Barletta agreed to name an independent commission to investigate the murder. But Noriega protested the meddling in PDF affairs and ousted Barletta, said Sanchez-Borbon, who has written extensively on Noriega for Harper's magazine and is considered among the most knowledgeable on the general's life and career.

Though Noriega was in Paris at the time of Spadafora's death, speculation about his involvement in the death grew for two years.

In June 1987, Noriega's former second-in-command, Col. Roberto Diaz-Herrera, publicly claimed that the general had ordered Spadafora's killing, and U.S. intelligence sources have since acknowledged that they believe Noriega directly supervised the physician's kidnapping and torture via telephone from Paris.

Diaz-Herrera said he conducted his own investigation into Spadafora's death because he thought it was suspicious. But he sat on his findings for two years before revealing them. It is widely believed among Panamanians that the colonel went public only after it was clear that Noriega was pushing him from power. Diaz-Herrera is living in exile in Venezuela.

Frustration explodes

Diaz-Herrera's allegations sent an estimated 100,000 people into the streets to protest Noriega's rule, paralyzing the country for days and revealing for the first time the extent of the powerful middle class' frustration with the general.

"It was the revelation that Noriega was involved in the Spadafora killing that sent all of those people into the street, not so much the allegations of drug smuggling," said Erik Weiss, a Latin American analyst with the World Council on Hemispheric Affairs, a foreign affairs think tank in Washington, D.C.

"From the beginning, this has been an issue among Panamanians concerning the crimes that Noriega has committed against his own people — the murder and torture," said Weiss. "The drug charges and all the allegations of smuggling drugs into the United States — that's been mainly for U.S. domestic political consumption. Spadafora was killed in 1985, and the torture has been going on for a long time, but nobody got upset here until we indicted him for drug smuggling."

Other experts agreed, pointing out that Panama, like many other Latin countries, has never had a large domestic drug problem. Instead, it has been the terror tactics — rape and other forms of sexual humiliation, torture and frequent arrests of opposition leaders — that has distinguished Noriega's rule over Panama from the country's previous dictators.

Under Noriega, a bizarre form of sexual humiliation against political prisoners — especially males — has become standard practice for the PDF, according to Panamanian opposition leaders and international human rights groups.

Sanchez-Borbon, who said he also was threatened with rape during one arrest in Panama before he fled the country, has theorized that the sexual humiliation tactics stem from a central element of Noriega's personality. The dictator often appears in public forums that give him a chance not only to show off his athletic and military prowess, but to be surrounded by beautiful women who cater to his masculinity. The images speak directly to machismo, the Latin cult of male strength and dominance.

Noriega was charged with the rape and brutal beating of a 13-year-old while a junior officer in Colon Province, according to Sanchez-Borbon. Before that, he was arrested for the rape of a prostitute. In both cases, an officer named Omar Torrijos intervened and had the charges dropped.

In 1968, Torrijos and other army officers seized power in a coup, and Noriega was promoted into intelligence gathering, his field of expertise. Noriega assumed command of Panama with other officers in 1981 after Torrijos was killed in a mysterious plane crash that many believe Noriega engineered. In 1983, Noriega managed to seize total power from the other officers.

(Mount Clipping in Space Below)

Anxious relatives call home

By LEE LANDENBERGER
Tribune Staff Writer

TAMPA — Mickey Sada arrived home from fishing at 3 a.m. Wednesday to hear that Panama was under siege. He feverishly called relatives there and found himself playing the role of newsman.

The 30-year-old photographer's relatives thought their own countrymen were revolting against the government, or perhaps rioting.

"They said there was a disturbance and I said, 'It's because we're invading.' They thought I was joking," Sada said Wednesday afternoon, puffing nervously on a cigarette at his dining room table. "I was the first to inform them. They had no idea it was the United States invading."

Within three hours of the first gunshots in Panama Wednesday morning, the lights went on in homes of Panamanians across the Tampa Bay area. Like Sada, they telephoned home.

But the calls didn't always go through on the first try. Or the second.

Even the telephone company had trouble.

"Our own operators tried to get through and often they could not complete calls," said Tony Marzano of General Telephone Co. of Fla.'s Tampa office. "But we don't know why they didn't go through."

When Panama's telephones were answered, worried Bay area callers usually found friends and family huddled in at homes, safe

but worried, praying the end had come to Gen. Manuel Antonio Noriega.

"I talked to my grandparents, aunts, uncles. I did it right away as soon as I heard," said Beverly Ostolaza of Tampa. "It was three o'clock in the morning. They were all awake. Who can sleep with fighters flying over the house?"

Among the estimated 2,000 Panamanians living in the Bay area, many expressed relief the United States had finally intervened.

Ostolaza said the day brought sadness — but also relief.

"We've wanted democracy established back in Panama," Ostolaza said. "Hopefully, that's what we're getting and, hopefully, there will be no more bloodshed."

Ricardo Newball of Tampa, also a Panamanian, said he had mixed feelings.

Unlike the residents of war-torn El Salvador or Nicaragua, his countrymen are not used to violence, he said.

"No one wants their country to be invaded," Newball said. "It had been our hope our people would rise to the occasion."

Sada spent the day watching television news with friends and talking on the telephone at his north Tampa home, which he shares with his mother and wife. They worried about their family, who live east of the Panama Canal. The fighting had drifted there from the capital by Wednesday afternoon.

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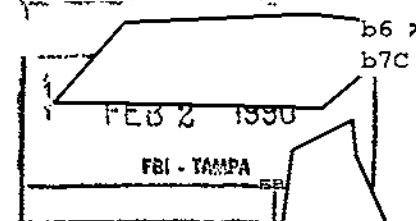
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In Sada's dining room, a photograph of Noriega hung on the wall just above the slogan "Say No To Drugs." The picture was crossed with a bright red strip.

Sada is glad Noriega's reign may be over. So is his mother. In Spanish she repeatedly said, "Thank you, Mr. Bush. My people are free."

Betty Frassrand also was pleased with Wednesday's attempted ouster. The president of the Panama Canal Society of Florida, a social group of about 1,500 Bay area members who worked and lived around the canal, said Noriega had to go.

"He doesn't recognize anything but force," said Frassrand of Dade City. "It was the only way to get him out."

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Tribune photograph by TODD L. CHAPPELL

Aspebia Saba, tuning the television, Ana Perez and Esperanza Toplyn watch the re-

ports from Panama in the Tampa home of Mickey Sada. All have ties to Panama.

(Mount Clipping in Space Below)

Invasion could strengthen Bush

By JOHN HALL
Tribune Correspondent

WASHINGTON — President Bush's invasion of Panama, like President Reagan's assault on Grenada, likely will boost his prestige and bolster the Defense Department at a time of heavy pressure for cutbacks.

But, while the political effect may be similar, Wednesday morning's operation was vastly different than the 1983 U.S. landing to free the island of Grenada from communist control. The Panama action

Analysis

was a main force assault dominated by the Army that involved nearly 10 times as many troops. It was a show of sudden and overwhelming force, rather than the nibbling and slowly unwinding Navy-led offensive of the Grenadian "Urgent Force" in 1983.

The Panama invasion, judging from the sketchy reports provided by the Pentagon, was an overall success, having secured at least for now the removal of Manuel Antonio Noriega from power.

Assuming that situation holds and the new leadership sworn in to replace Noriega is able to consolidate its power without continued American occupation, Bush will have snuffed out criticism that he had become a weak president.

And the Pentagon, facing calls on Capitol Hill for Draconian troop and budgetary cutbacks to match reduced East-West tensions, will have some new arguments for continued military strength at the very moment when Bush is finalizing the budget for next year.

Already, however, there are questions about why two of the four

missions assigned by President Bush — the capture of Noriega and the protection of Americans in Panama — were not fulfilled, and why U.S. forces failed to knock out a key radio station, which was still serving as a propaganda organ for the Noriega government as night fell Wednesday.

Edward Luttwak, a senior fellow at the Center for Strategic and International Studies, said the failure to arrest Noriega and seize *Radio Nacional* once again demonstrated the lack of effective American commando units similar to those maintained by Britain, France and Israel.

"We do not have a commando capability," Luttwak said. "The same old thing happened here — unrealistic demands on U.S. intelligence (to tell U.S. forces where Noriega would be)."

Luttwak's book, "The Pentagon and the Art of War," tore apart the Pentagon for the 1983 Grenada operation, arguing that there would have been fewer combat and civilian casualties if the United States had launched what he called a "coup de main" — a simultaneous and massive airlift of rangers and airborne troops. Instead, under Navy command, the Grenada operation was allowed to become a "bridgehead" style assault.

Luttwak said the Panama invasion "was definitely the coup de main we should have had in Grenada," and he praised the Joint Chiefs of Staff for conceiving and executing it properly and with precision.

But he said a commando-style operation might have accomplished the entire mission.

Now, with Noriega still at large, the U.S. task is more vastly complex.

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The Tampa Tribune, Thursday, December 21, 1989

Latins want U.S. to end intervention

By TIM COLLIE
Tribune Staff Writer

Conjuring up the ghosts of previous U.S. occupations of Latin American countries, the Panama invasion could have negative effects for U.S. policy in key countries throughout Central and South America.

Enemies like Cuba and Nicaragua may use the invasion to reinvigorate support for their ailing regimes, while allies like Mexico may be forced temporarily to halt closer ties to the United States.

How much damage is done depends on how swiftly the United States can rebuild Panama's democratic and economic institutions and then get out, experts on Latin America said Wednesday.

"I think Latin reaction will be quite negative at first, but for how long depends on how quick the operation is," said Susan Kaufman Purcell, a widely regarded expert on Latin America at the Americas Society.

The invasion could harm U.S. interests in Nicaragua, where a U.S.-backed opposition is involved in a close presidential election campaign with the Soviet-backed Sandinista government that has ruled the country for 10 years. The Sandinistas often characterize the opposition movement as CIA spies.

The Sandinistas are named after Augusto Sandino, who fought an occupation force of U.S. Marines during the early 1930s. The United States also has made repeated efforts in the 1980s, including the sponsorship of the Contra rebels, to remove the Sandinista government.

"The Sandinistas are really going to start waving the flag over this and dredging up fears of U.S.-backed invasion," Purcell said.

In Mexico, where the centrist government of President Carlos Salinas Gotari has brought about closer trade ties and U.S.-backed economic reforms, a leftist opposition could use the issue to stall the process. The United States has a long history of intervention in Mexican affairs through the early years of this century.

The Mexican Foreign Ministry said in a statement that the U.S. action was "contrary to the principles that guide international relations."

"It's the kind of issue that cuts across the board in Latin America and could have different kinds of effects on all kinds of foreign and domestic issues," Purcell said.

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So far, Latin reaction to the invasion has been mixed, with some countries swiftly condemning the attack while others debated over recognizing the popularly elected, but U.S.-installed government of Guillermo Endara.

The Organization of American States (OAS) went into closed-door session Wednesday to discuss the crisis and to decide whether to seat the representative of Noriega's government or a representative of Endara, who apparently won the May 7 elections and was sworn in as president of Panama on Wednesday.

Peru condemned the U.S. action and ordered its ambassador in Washington to return home pending a withdrawal of all American troops from Panamanian territory.

Brazilian President Jose Sarney said the invasion was a "step backward in international relations."

Argentina called for immediate removal of the American troops, but also described Noriega as an obstacle to democracy.

The Chilean Foreign Ministry said: "The Chilean government rejects all intervention and reiterates its permanent support for the principles of international law."

Uruguay and Ecuador also deplored the U.S. move and said Panama should be allowed to solve its own problems.

Despite these moves, some experts predicted that anti-U.S. sentiment across Latin America will not rise to the levels of the 1960s, when anti-American demonstrations were common in many Latin capitals.

(Mount Clipping in Space Below)

Leaders stand by Bush

By GIL KLEIN
Tribune Correspondent

WASHINGTON — Congressional leaders of both parties rallied around the commander in chief as U.S. forces invaded Panama Wednesday.

Panamanian strong man Manuel Antonio Noriega had become such an international pariah, and President Bush had gone to such lengths to seek other ways to remove him, that even members of Congress who normally speak out against the use of military power were at least nominally supportive.

But underlying that support was a message to Bush to clean up the mess quickly and get the troops out before they are perceived to be an occupation force.

And that may prove to be difficult for Bush because the entire defense and police establishment in Panama appears to have disintegrated as Noriega fled.

"I support the president's decision," said Senate Majority Leader George Mitchell. "It was made necessary by the reckless actions of General Noriega."

House Speaker Thomas Foley said he expected little criticism of Bush while the military action was still under way.

"When American troops are in the field and casualties are being taken, it's not the proper time for a lot of complicated debate," he said. "I support the president in this circumstance, and I think the Congress will as well."

Bush began calling congressional leaders about 10 p.m. Tuesday to tell them the invasion was imminent.

"I treated this as information rather than consultation," Foley said, "but I told the president that I would support him."

Senate Minority Leader Bob Dole, R-Kan., said Bush "gave me a rundown of why he felt it was necessary to take the action. He knew it was a difficult choice; he knew people would be injured or killed, but he felt that the national interest required an appropriate response."

Reaction on Capitol Hill was quite different than the heavy criticism that greeted President Reagan following his invasion of Grenada in 1983. At that time, Democrats hit the president for acting without just cause.

But Democratic members of Congress, many of whom had severely criticized Bush for not taking direct action in October when Panamanian Defense Force officers staged a coup against Noriega, are watching events.

"Congress is supporting the president's action, but obviously the ultimate answer as to whether or not it's proven to be a success will be decided in the coming days and weeks," said Sen. Christopher Dodd, D-Conn., chairman of the Senate subcommittee that oversees Central America.

He said Noriega may have read Bush's failure to act more decisively in October as a green light to test how far he could push the Americans. But he said Bush has muted

criticism from other Latin American leaders by establishing personal relations with them and by raising the status of the Organization of American States (OAS).

"He had gone to the OAS, spoken to individual presidents throughout the hemisphere," Dodd

said. "This is something an American president had not done in an awful long time in dealing with a problem that we faced in the hemisphere."

But he said support will wane if the fighting goes on for days.

One dissenter was Rep. Ted Weiss, D-N.Y.

"The president was trying to correct the mistake he made back in October of not supporting the coup against Noriega," he said. "He was wrong on both sides. His action was not sufficient the last time and overdone this time."

How would we react, he asked, if the Soviets indicted Bush for some crime, and then used that as a pretext for invading the United States?

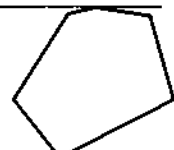
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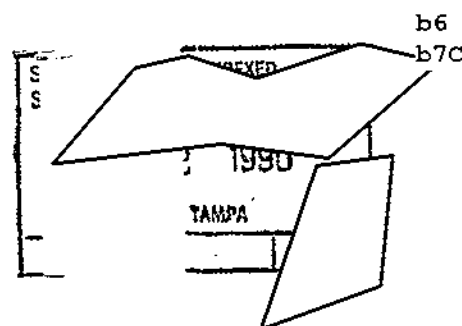
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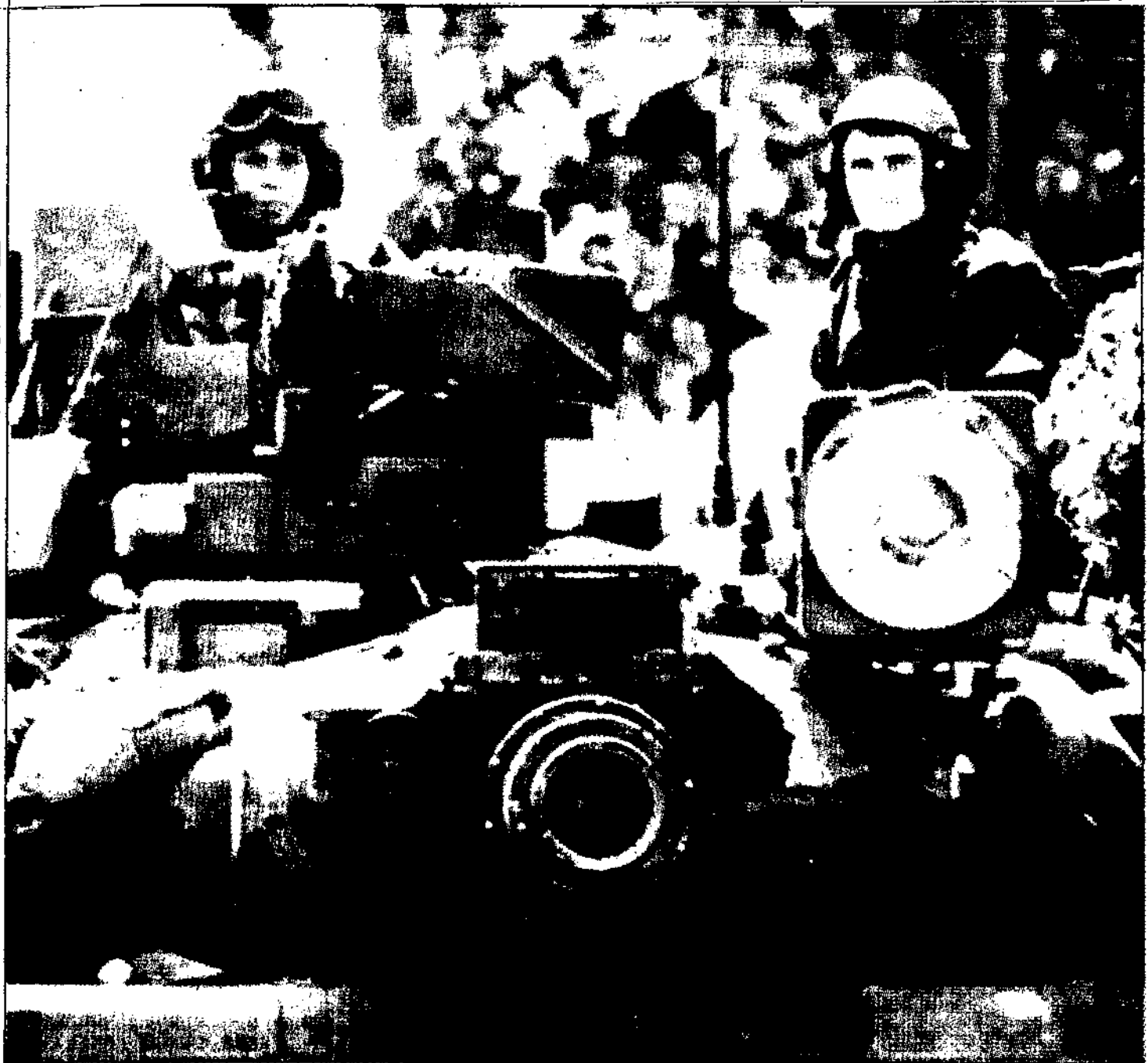
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U.S. soldiers guard an area near the U.S. Embassy. Pentagon officials said "mop-up operations" continued

United Press International photograph
Wednesday in Panama City as pockets of largely un-
trained pro-Noriega forces battled U.S. troops.

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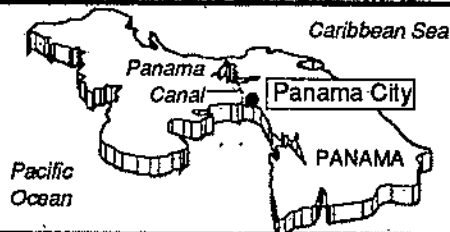
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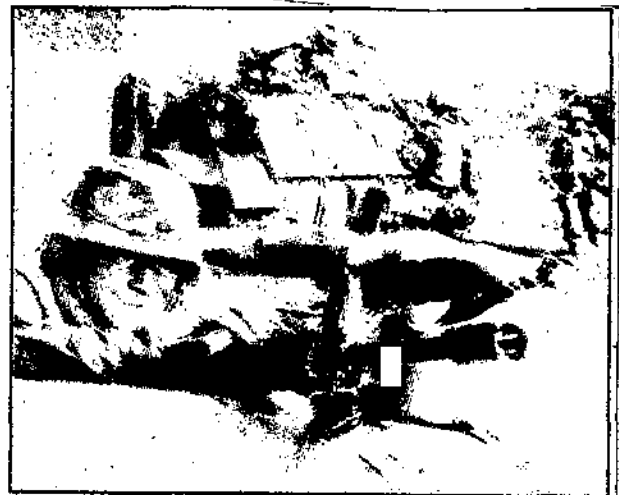
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Panama at-a-glance

Population: 2,370,000 (1989 est.)
Area: 29,208 sq. mi.
Government Type: Constitutional Democracy, centralized republic
New President: Guillermo Endara
Ex-defense chief: Manuel Antonio Noriega
Defense: 2% of GNP (1985)
GNP: \$4.4 billion (1985)
Languages: Spanish (official), English
Religions: Mostly Roman Catholics
Organizations: United Nations (International Monetary Fund, World Bank), Organization of American States

Source: World Almanac

Tribune map



Reuters photograph
 U.S. soldiers take cover from gunfire near the legislative assembly building in Panama City.

EDITORIALS

Patient, Prudent Bush Did What He Had to Do

In sending assault troops into Panama early yesterday, President Bush did what he had to do.

George Bush is a patient and prudent man — too much so for many of his critics. When Panama's tinhorn, usurper dictator, Gen. Manuel Noriega, went too far, Mr. Bush's patience ended and he took the big risk. He sent in Army Rangers and Special Forces, light infantry and armor, and military police, along with Marines available in the Canal Zone.

No mere words by Noriega prompted the action. Vicious deeds did. Last Friday Noriega got his puppet national assembly to make a declaration of war against the United States. Words, just words. The next day, however, Panamanian forces shot and killed an off-duty Marine lieutenant, wounded another U.S. serviceman, badly beat yet another and subjected his wife to humiliating interrogation. Then came intelligence reports that Noriega was planning commando-type assaults on areas in which U.S. citizens reside.

Including military forces in the Canal Zone (now under Panamanian sovereignty), there are 35,000 of George Bush's countrymen in Panama. "As President," he told the nation in a televised address yesterday morning, "I have no higher obligation than to safeguard the lives of American citizens. And that is why I directed our armed forces to protect the lives of American citizens in Panama, and to bring General Noriega to justice in the United States."

Noriega has been an embarrassment and a nuisance to the United States for years, especially so since a federal grand jury in Miami indicted him in February 1988. The charges are grave: that he engaged in drug trafficking to the United States, harbored drug kingpins, and laundered their money in Panamanian banks.

International law, such as it is, is ambiguous on a nation's right to seize an indicted criminal in another country. But both the United Nations and Organization of American States charters clearly permit military action in self-defense. And the Panama Canal Treaty, by which Panamanians set such store, specifies that the United States has the right to defend the canal from threat — and will retain that right even after the 51-mile waterway passes to full Panamanian control.

Whether Noriega planned to sabotage the canal is uncertain, although Gen. Colin Powell, chairman of the Joint Chiefs of Staff, said reports that that was indeed Noriega's intention have been around for a long time. He

made clear that a major objective of the operation was defense of the canal, which was temporarily closed to shipping.

That should temper foreign criticism, because 30,000 ships pass through the canal each year, carrying the commerce of dozens of nations. Yet criticism there is.

Only Great Britain has given its total approval. There is a great deal of tut-tutting or noncommitment among other U.S. allies. As expected, the Soviet Union deplores the use of military force; Nicaragua and Cuba are outraged.

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A number of nations, Secretary of State James A. Baker III reported, have said they privately support what is being done but cannot publicly approve. No doubt many of them are Latin Americans, constrained by what a Nicaraguan radio newswoman referred to as "a revival of the image of the United States as the big bully with the big stick."

The fact is that President Bush, and President Reagan before him, repeatedly tried to get the OAS to act against Noriega, and got nothing but temporizing. The democratic Latin American leaders don't like Noriega but avoid the political risk of joining the United States to act against him.

Of course, none of them had 35,000 of *their* citizens at risk and threatened by Noriega. Those 35,000 people were why George Bush took the risk he did, and why it was proper that he do so, even at the pain (it would be exaggeration to call it risk) of the disapproval of the rest of the world.

At this writing, Noriega remains on the run. The new government sworn in at a U.S. military base before the attack was launched has legitimacy, but as yet no control. It is headed by President Guillermo Endara, who according to foreign observers and the Catholic Church won last May's election by a 3-1 margin, only to have Noriega throw out the results.

A salient part of the Pentagon's plan for the attack — a plan completed many months ago — is that it includes a much larger military police contingent than would most such operations — obviously to help Endara restore order until it is certain he has support of at least some Panamanian forces.

Whatever the foreign reservations, it is clear President Bush has heavy support from members of both parties in Congress, and the overwhelming support of the people of the nation. They know George Bush did what he had to do, and that is what counts.

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Marine's father backs attack

GREENVILLE, S.C. (UPI) — The father of Marine Cpl. Garreth Isaak, one of the American servicemen killed in the assault Wednesday on Panama, said he supported President Bush's decision to use military force and was certain his son felt the same way.

"I think (the decision) was excellent, and I think if Gary were here, he'd say it should have been done earlier," said Albert Isaak, a biology professor at Bob Jones University. "He and the Marines were ready to go in. That's what they were trained for."

Albert Isaak said his son, 22, joined the Marines shortly after his high school graduation in 1985 and was looking forward to getting out of the service in another year and a

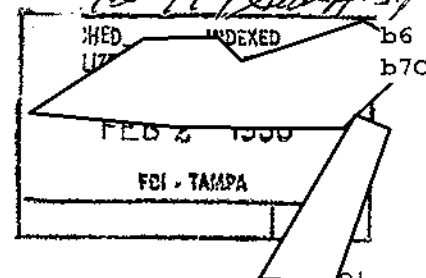
half.

"It just seems like he hasn't lived very much," Isaak said.

Garreth Isaak, attached to the 2nd Light Armored Infantry Battalion at Rodman Naval Base in Panama, was part of a Marine contingent from Camp Lejeune, N.C., that arrived in the Central American nation in October for a three-month assignment, his father said.

The elder Isaak said military officials told him late Wednesday morning that his son had been killed by a bullet wound to his neck.

South Carolina Gov. Carroll Campbell said Garreth Isaak, who would have turned 23 on Dec. 28, "made the supreme sacrifice in defense of democracy and safety for other Americans."



(Mount Clipping in Space Below)

Thatcher backs U.S.

A Tribune Wire Report

intervention; Moscow condemns it

LONDON — The only major nation to give wholehearted public support Wednesday to the U.S. military incursion into Panama was Great Britain.

"Someone has to uphold democracy," Prime Minister Margaret Thatcher said after an early morning telephone call from President Bush.

"It was a courageous decision," Thatcher said.

The United States' other principle European allies either avoided public comment or issued equivocal statements, while elsewhere, criticism ranged from mild to furious.

The Soviet Union condemned the intervention, describing the action as a violation of international law and the U.N. charter.

Describing the U.S. move as an "invasion," a Soviet Foreign Ministry statement demanded that Washington "immediately stop its armed intervention in Panama."

The head of a parliamentary committee for international affairs, Alexander Dzasokhov, said no motive could possibly justify armed intervention against a sovereign state.

But Soviet President Mikhail Gorbachev, who met Wednesday with visiting Czechoslovak Prime Minister Marian Calfa, avoided any comment on the U.S. move.

ed any comment on the U.S. move.

"Compared to the American Western Nazis and their allies, Nero and Hitler were angels," Libyan leader Moammar Gadhafi said in a statement published by the official Libyan news agency and relayed by French Press Agency in Paris.

"In light of such barbarism," Gadhafi added, "I can only invite all of the people of the small countries of the world to immediately unite and prepare themselves to resist."

France was waiting for "the maximum amount of information" before reacting to the news, a Foreign Ministry official in Paris said.

In Bonn, an official statement from the West German government said authorities there "hope that the military clash will soon be over and human lives saved, and that the way becomes free for the democratic freedom of the country as demanded by the European Community."

Japanese Foreign Minister Taro Nakayama also said he hoped that the confrontation would end soon. And in Canada, External Affairs Minister Joe Clark tempered his sympathy over American motives with regret, because "intervention by force is a dangerous precedent."

Yugoslavia, which is a major force in the non-aligned movement, also described

the U.S. action as "unacceptable" and "a crude violation of sovereignty," according to a Foreign Ministry statement from Belgrade.

Francois Heisbourg, director of London's International Institute for Strategic Studies, predicted that ultimately U.S. allies' "reactions will be a function of (the) success or failure" of the Panama action. "The problem with these operations is that they have to succeed."

Dutch Foreign Minister Han van den Broek said in a radio interview that he sympathized with the U.S. decision because of the danger to American troops in the Canal Zone.

(Indicate page, name of newspaper, city and state.)

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Tampa, fl.

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Moscow condemns it

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Tribune file photograph
General Noriega, who has evaded capture, is wanted in Miami
and Tampa on federal drug conspiracy indictments.

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U.S. offers bounty to catch general

By WAYNE GARCIA
Tribune Staff Writer

Some 24,000 U.S. troops swept over Panamanian military targets just after midnight Wednesday, dislodging indicted Gen. Manuel Antonio Noriega's government and sending him into hiding with a \$1 million bounty on his head.

Eighteen Americans and scores of Panamanians were killed in the intense gunfire, mortar attacks and strafing spawned by "Operation Just Cause," the largest U.S. military venture since the Vietnam War.

The Pentagon early today had identified four of the dead servicemen as Marine Cpl. Garreth C. Isaak, 22, of Greenville, S.C.; Army Cpl. Ivan D. Perez, 22, of Pawtucket, R.I.; Pvt. Scott Lee Roth, 19, of Killeen, Texas; and Specialist Philip S. Lear, 21, Westminster, S.C.

Pentagon officials said they would release the identities of the other casualties after their families had been notified.

Noriega, who dogged U.S. officials openly seeking to displace him after his February 1988 drug conspiracy indictment in Tampa and Miami, was directing loyalist troops from an undisclosed location, his top bodyguard said on Panamanian radio.

"We will chase him and we will find him," Gen. Colin Powell, chairman of the Joint Chiefs of Staff, said in Washington.

The chase will be sweetened by a \$1 million bounty, payable from U.S. Treasury funds, a White House official told reporters. The Bush administration also offered a \$150 reward for each Panamanian army rifle surrendered.

Pentagon officials said "mop-up operations" continued throughout Wednesday in Panama City as pockets of largely untrained pro-Noriega forces battled 13,000 U.S. troops stationed in Panama and 9,500 reinforcements flown in Tuesday from military bases in California, Louisiana and North Carolina.



Panama attack

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Television coverage short on footage 8F

But Noriega managed to elude them all.

Noriega spoke Wednesday night over the national radio network and declared, "We're in trench warfare now and we will maintain the resistance."

He saluted Panamanians fighting the American invasion, saying, "We must resist and advance."

"We ask the world for help, with men, dignity and strength. ... Our slogan is to win or die, not one step back."

Members of his Panama Defense Forces (PDF) claimed in radio broadcasts to hold 41 Americans hostage. Two U.S. television news producers were among 15 people taken from a Panama City hotel by

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18 Americans die in Panama attack

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armed men believed to be members of the bantam dictator's "Dignity Battalions."

Only six of those hostages had been reported freed early today.

Within minutes of the attacks that forced the closing of the Panama Canal, opposition leader Guillermo Endara was sworn in as president and went into hiding. Independent observers said last spring that Endara handily won a May 7 presidential election that Noriega nullified before totals were announced.

Endara's hold on power, however, was tenuous. The U.N. Security Council and Organization of American States (OAS) debated whether to join the United States in recognizing his government.

In a live address to the United States Wednesday morning, President Bush said he had exhausted diplomatic efforts and couldn't sit still in the face of escalating violence, including the killing of a U.S. Marine lieutenant by Panamanian soldiers this week.

"General Noriega's reckless threats and attacks upon Americans in Panama created an imminent danger to the 35,000 American citizens in Panama," said Bush, who approved the operation Sunday night. "As president, I have no higher obligation than to safeguard the lives of American citizens."

"Tragically, some Americans have lost their lives in defense of their fellow citizens, in defense of democracy."

The Bush administration cited four reasons for the action: threats against American citizens, a declaration of war against the United States, threats to the Panama Canal Treaty and two U.S. drug indictments against Noriega.

Bush had been roundly criticized for having cold feet during an attempted coup in October in which junior PDF officers held Noriega for several hours. They got no support from nearby U.S. troops.

The pock-faced general had declared war on the United States on Friday, following shooting between U.S. and Panamanian soldiers.

FBI and federal Drug Enforcement Administration agents also were dispatched Wednesday to Panama to hunt for other drug suspects. Noriega and 16 associates were indicted in Miami and Tampa last year, accused of providing intelligence, protection and assistance to narcotics traffickers and Colombian drug lords.

If Noriega is captured, he would be taken to Miami to face a 12-count cocaine conspiracy indictment, said Dave Runkel, spokesman for the Justice Department in Washington.

Officials decided to prosecute him on the Miami indictment instead of the Tampa case because the Miami charges carry stiffer penalties, Runkel said.

He would not elaborate on plans to get Noriega to Miami.

U.S. officials said they feel confident they had effectively smashed his ability to lead Panama.

"As a practical matter, we have decapitated him from the dictatorship of this country and he is now a fugitive and will be treated as such," Powell said.

Noriega's attorney in Miami said he was confident the general, who rose as a populist and nationalist from the streets of Panama, would rather die than surrender.

"He's a fighter," Raymond Takiff said. "I feel unhappily secure in my belief that he will be killed; he will not be captured. Should that occur, the truth will never come out."

In telephone conversations Sunday and Monday, Noriega said he knew from his spies in the United States that the invasion was coming, Miami lawyer Steven Kollin said.

The U.S. attack began just after midnight.

Fighter jets and helicopter gunships flew moonlit skies above Pan-

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For information

WASHINGTON (UPI) — The State Department has set up a new telephone line to handle public queries from people worried about relatives in Panama. It is 1-202-647-0562.

The department said those asking about military personnel should call:

For Army, 1-800-233-5259 (in Virginia, 1-703-468-7786)

For Navy, 1-800-523-2975 (in Virginia, 1-800-572-2126)

For Air Force, 1-800-513-5501 (in Texas, 1-800-292-5642)

For Marines, 202-694-1492 (in D.C. area, 325-5352)

Panama Canal Commission, 1-202-634-6441.

ama City as roughly 7,000 soldiers quickly left their bases for myriad targets, including the headquarters for the PDF's 5,000 soldiers. U.S. tanks rolled through the wide tropical avenues of the seaside capital.

The capital's sky was bright with the light of gunfire for hours. Witnesses said the Panamanian military headquarters was in flames at 12:40 a.m. and virtually destroyed by 2 a.m.

Daybreak revealed the compound reduced to rubble with only scattered shots still being fired. The city arose to chaos. Armed toughs who support Noriega took to the streets, some of them commandeering cars. One resident said her car was stolen when a man put a gun to her head and demanded the keys.

A slum area around one base also was leveled and Panamanian civilians lay dead in the streets, eyewitnesses said.

"They burned everything down,"

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Manuel Backalt said from a Salvation Army office near the Defense Forces headquarters where he fled with his wife and three children.

He said the bodies — he did not know how many — were mainly members of the 8,000-member Dignity Battalions, civilian paramilitary groups loyal to Noriega.

Rolando Diaz learned of the battle when he heard the buzz of U.S. helicopters broadcasting warnings to soldiers at a nearby military headquarters to leave the building.

"They were shouting down over the PA system. ... They said they had no problem with them; they just wanted Noriega," he said.

Panamanian business owners reported widespread looting and disorder in streets that were filled just last week with Christmas shoppers.

The attack was controlled at Southern Command headquarters in Panama City with troops designated by the Special Operations command at MacDill Air Force Base in Tampa. American soldiers concentrated in four task forces.

The first, called Atlantic and made up of the 82nd Airborne and 7th Infantry, occupied the Electrical Distribution Center, the Madden Dam and the Gamboa Prison, where they liberated 47 Panamanian officers taken prisoner after the abortive Oct. 3 coup attempt.

The second, code-named Semper Fidelis, included Marines and a light armored Army infantry company. They attacked the area around the Bridge of the Americas and the U.S. Howard Air Force Base.

The third, Task Force Red, attacked two PDF units that had been loyal to Noriega in the Oct. 3 coup.

Task Force Bayonet, made up of the 6th Mechanized battalion, light tanks and the 5th battalion of the 87th Infantry, attacked Noriega's

headquarters, the scene of the heaviest fighting.

"We're into mopping up and chasing down those ... who have not yet decided to give it up," Powell said.

Thirty-nine wounded U.S. soldiers were being treated at Wilford Hall Medical Center at Lackland Air Force Base in San Antonio, Texas, said Lt. Dave Ebner, a spokesman at nearby Kelly Air Force Base. More were expected.

The Pentagon said 17 servicemen and a civilian American woman were killed, 61 were wounded and one was missing.

Estimates on Panamanian casualties varied. One hospital reported more than 100 Panamanian dead and more than 1,000 wounded.

In addition to hostages taken by Noriega loyalists in Panama City, 11 scientists and technicians from the Smithsonian Institution's Tropical Research Institute were reported missing and believed abducted.

The scientists — five Americans, five Panamanians and one Venezuelan — were working at a marine research facility on the San Blas chain of islands off the Panamanian coast in the Caribbean.

The fighting also closed the Panama Canal, the first time in its 75-year history that warfare has shut the vital 51-mile waterway. Canal officials hoped to have it reopened sometime today.

The canal, jointly operated by Panama and the United States, passes only about a half-mile from PDF headquarters.

The canal has been the source of great tension between Noriega's regime and the United States.

Staff writers Steve Kanigher, Frank Ruiz, Geoff Mohan and Tribune wire services contributed to this report.

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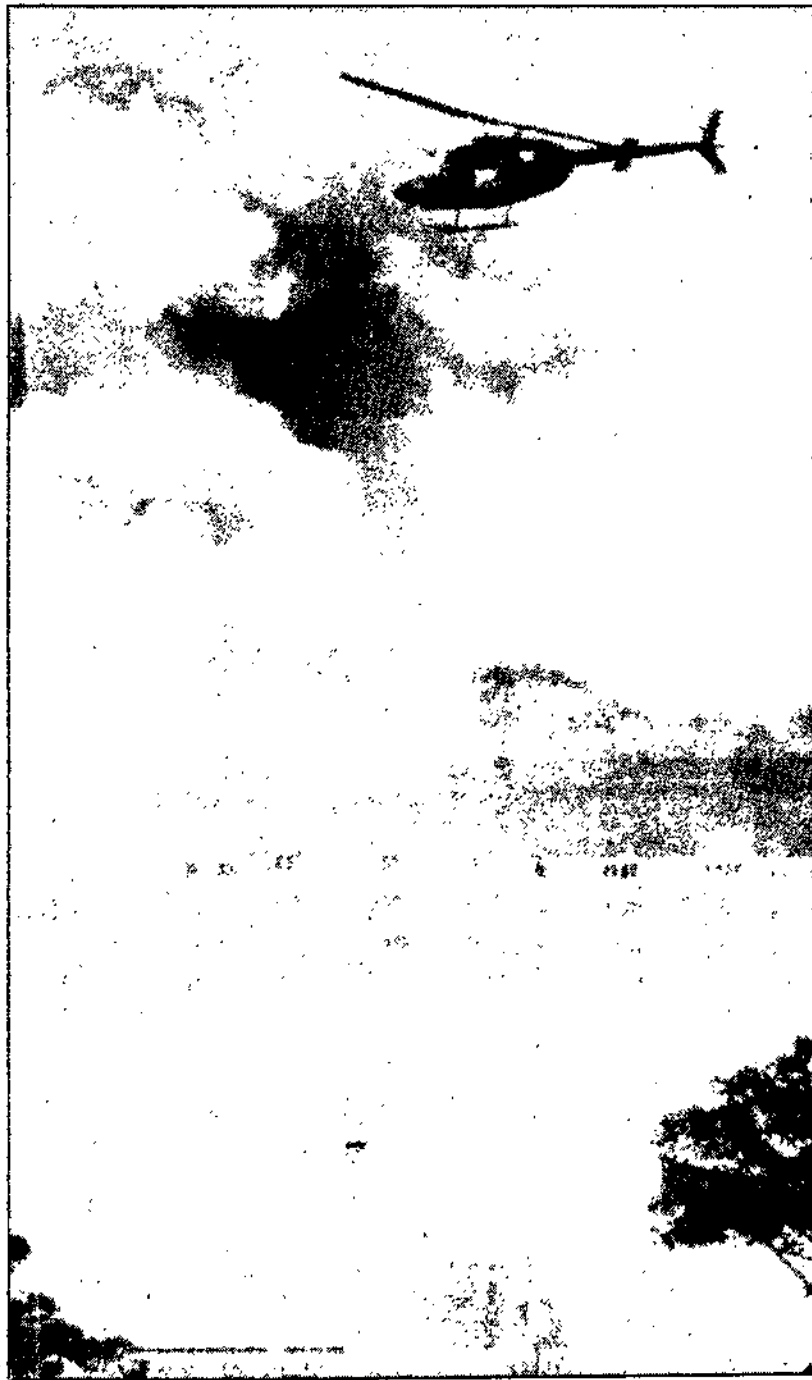
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Date:

The Tampa Tribune, Thursday, December 21, 1989



United Press International photograph
A U.S. military helicopter flies over a burning building in Panama City near General Noriega's headquarters Wednesday.

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Hostage recounts hours of terror

By LINDSEY GRUSON
of The New York Times

PANAMA CITY, Panama — The first reports of shooting came just before midnight.

Within minutes, heavy explosions, muffled by the distance, echoed through the steel and glass canyons of the capital.

Then the noise died down.

At the window of a room on the second floor of the cabana area of the Marriott Hotel, this reporter and two others were listening for more sounds of fighting when they saw a man wearing a black ski mask and camouflage pants and carrying an automatic assault rifle running across the patio area outside.

The reporters crouched to the

floor, but the gunman spotted them. "Out! Out!" he shouted, aiming his AK-47 assault rifle.

"We're coming!" the reporters shouted through the open patio window. "We don't have any weapons!"

The journalists lay face-down on the floor. The gunman then demanded to know the nationality of the three journalists.

Two were American, this reporter and Laura Brooks of NBC News, and one was British, Paul Iredal of the Reuters news agency.

"We've been ordered to take hostages," he barked after ordering them to the lobby.

In the gilded lobby of the luxury hotel, Panama City's finest, seven other gunmen had herded about 80 guests and staff members.

They were forced to lie face down with their arms outstretched.

"Who's American?" several of the gunmen shouted at once.

"Americans over there." The gunmen pushed a group of 11 into an adjacent section of the lobby.

Seven of the group were Americans, but the other four protested that they didn't belong.

But the gunmen ignored their protests. They ordered the group of 11 to stand with their hands over their heads.

The group was led to the hall in front of the elevators. The hostages were ordered to sit with their backs against the elevators.

"I don't want to kill anybody," the group's leader, who was dressed in a blue T-shirt and blue jeans, said

in English.

Asked why his men had seized the hostages, he said, "You're the chain to free all our people."

The gunmen then brought in Michele LaBrut, a local employee of NBC News. She was quietly weeping.

When another hostage tried to comfort her, a gunman, whose face was covered by a kerchief, threatened to shoot.

To stop the loud hum of the ice machine in the hallway, he smashed it with the butt of his rifle.

Then, from across the 15-foot hallway, he raised his automatic rifle, pointed it at the head of this reporter and clicked his tongue, im-

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Tampa Tribune
Tampa, Florida

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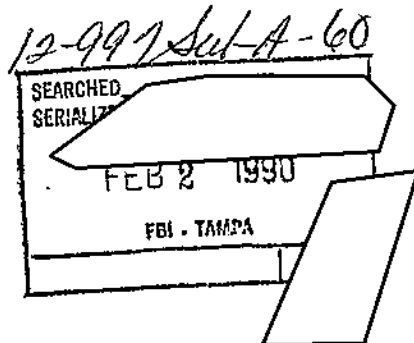
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'You're the chain to free all our people,' gunman tells hostages

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itating the sound of the trigger being pulled.

Then he repeated it.

A minute later, he walked across the hallway, stuck the muzzle under the nose of this reporter and glared.

"If a lot of Panamanians have died, we can kill you," he said quietly. "Don't for a minute think we won't."

Another gunman, wearing a flaming red Miller Beer T-shirt with the logo "American Made," then herded the hostages into a single line with their backs against the wall.

The hostages were forced to sit in silence while the gunmen paced the halls.

One grabbed the reporter's notes, crumpled them up and threw them away.

One gunman recognized one of his hostages as La Brut of NBC.

Together they tried to remember the name of a mutual acquaintance.

"An Italian woman, small, with big eyes," the gunman said, tapping his forehead in a fruitless effort to jog his memory.

Suddenly, the gunman began shouting. "Stand!" he cried. "Up! Up! Up! Hands on your heads."

Suddenly, the hostages were then driven down the stairs. "Faster! Faster!" the gunmen shouted, waving their weapons at the first one in line.

Before long, the gunmen herded the hostages down the stairs and then shoved them into three waiting vehicles and drove off.

One carefully aimed his gun at this reporter's heart, ordering him to sit still and threatening to shoot.

Sharp explosions reverberated

through the humid night as the cars passed through the darkened city.

The convoy weaved its way through deserted streets to a private house in the San Francisco neighborhood near one of the homes of Gen. Manuel Antonio Noriega.

A woman welcomed the gunmen and was told not to worry.

The hostages were then pushed through the back door into a laundry and storeroom and ordered to sit on the floor.

A freezer hummed; helicopters buzzed overhead.

Each over-flight rattled the gunmen, who became progressively more nervous. The guards paced.

Occasionally, the gunmen allowed the hostages to smoke.

Often they bummed cigarettes.

When the unventilated room became stifling hot, one of the captors opened a small louvered window.

"Thank you," several hostages

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said in unison.

The gunmen granted a request for water, bringing a pitcher and two glasses.

The hostages passed the cups around.

But the gunmen refused one woman's plea to be allowed to go to the bathroom.

"Damn," a hostage said each time he heard the clap of an explosion. "Damn."

The noise of fighting was sporadic. It was silent much of the time. Then the roar of a heavy machine gun would send a new wave of tension through the room.

The nearby kitchen telephone jangled and was cut off before it had completed its ring.

It apparently was some type of signal.

The gunmen hurriedly began conferring.

Anxiety showed on the faces of some hostages, but others had been overcome by exhaustion.

Their heads nodded and they appeared to get a few minutes of intermittent sleep.

Two reporters asked a guard if they could call their offices.

He held a finger to his lips in an order for silence. Hughes smiled. That provoked the most hostile gunman, who was wearing the red T-shirt.

"You smile too much," he said, scurrying up to Hughes, who had tried to befriend the gunmen.

"You too," he said to this reporter, who was sitting next to her. "Many Panamanians are dying."

Moments later, the telephone rang twice. Once again, the gunmen conferred in whispers.

And once again, the tension mounted.

There were occasional rifle shots and, in the distance, the dull thud of an anti-aircraft gun.

Most of the gunmen took up positions around the house, leaving one guard with the hostages.

He raised the black ski mask over his mouth, begged several cigarettes and occasionally nodded off.

There was about a half-hour of silence, then more explosions.

This time the telephone sounded one long ring. Once again, tension rose.

The gunman in charge then sat down with the hostages, crossing his legs in a lotus position.

"We are going to set you free, because we don't want to be criminals," he said.

Several hostages simultaneously began asking questions. He tried to shrug him off.

"It's over," he said, tears welling in his eyes. "It's over."

He then hurried the hostages to the two remaining cars. Six piled into a Jeep and were advised to lie down.

The driver again weaved through the deserted streets of the capital, back toward the hotel.

Then he turned away. And then back again.

The two vehicles became separated when another car pulled out and appeared to be following the caravan.

About a mile from the Marriott, the driver finally pulled over.

"Hurry, hurry," he said, ordering the hostages out. Four hours after they were seized, the hostages were on their own.

The group took cover behind a hedge and began snaking back toward the hotel.

They were stopped short by a soft whistle. A man crouching across the street in a gas station motioned for them to take another route.

They approached the nearest apartment building and rang every

buzzer in the seven-story building.

A woman answered over the speaker.

"Who are you?"

"We were hostages and we've just been released," several in the group answered.

"I can't let you in," she replied.

Buzzers were pressed again. Finally, the group gave up.

But as they prepared to dash across the main street, the apartment building's glass door was opened by a man brandishing a .38-caliber pistol.

"Who are you?"

Pleading was rewarded with entry.

The group was ushered to the back entryway, where they could not be seen from outside the glass door.

During the next hour, several families in the building allowed members of the group to use their telephones.

The atmosphere warmed. Families began serving coffee and recounted their hours of angst.

The doorman said he had seen members of the Panamanian army shooting at passing cars and pedestrians fleeing the fighting.

"The gringo's a brute," he added. "If Bush wanted Noriega, why didn't he just take him?"

By 7:30 a.m., three reporters in the group had run out of patience.

By then, the gunfire and explosions were little more than intermittent punctuations of a quiet morning.

The journalists snuck to the nearby gasoline station where they met the owner of an automobile body shop. He invited them over.

"Bush should have come earlier," said the body shop owner. "He has come too late. Panama is totally destroyed."

(Mount Clipping in Space Below)

President plays role with flair

By JULIA MALONE
of The Cox News Service

WASHINGTON — On the surface, the spirit of holiday celebration at the White House offered no hint that behind the closed doors President Bush and a handful of aides were laying plans for a military assault in Panama.

Bush, former chief of the CIA and master secret-keeper, cheerfully played host at a long-planned Christmas party Tuesday night. Standing with Barbara Bush in front of a gigantic Christmas tree laden with handmade toys, the president smiled for photographs and chatted nonchalantly with friends, staff and reporters who filed through the receiving line.

Bush even lingered to hear carol singing and playfully lifted a granddaughter into the air before he disappeared into the Oval Office.

For the rest of the night, until 4:05 a.m., he monitored the U.S. attack on the forces of his longtime nemesis, Panamanian Gen. Manuel Noriega.

The plan to take military action had been simmering for weeks if not months in the White House. White House spokesman Marlin Fitzwater said Bush decided to act Sunday during a meeting with national security advisers.

At that session, Bush and his aides discussed what Fitzwater called a "pattern of aggression" against Americans by Noriega's forces. The Noriega government already had declared war on the United States, a move that was brushed off at first by the Bush administration.

But when one U.S. Marine officer was killed and a Navy officer beaten and his wife sexually threatened, those events provided a trigger, Fitzwater said.

"That was enough," Bush told the American public in an early morning broadcast Wednesday.

Bush activated plans that have long existed for sending troops into Panama. Defense Secretary Dick Cheney said the Pentagon briefed him on the invasion strategy during the opening days of the Bush administration.

After Sunday's meeting, the Bush administration arranged for the intervention in almost total secrecy. Even as the operation moved forward on Monday, Bush met with

four wire service reporters and voiced his carefully worded "outrage" at the recent harassment of Americans in Panama.

He gave only a mild warning. "I think a president, all presidents, have options, but they don't discuss what they might be," said Bush.

Those were words that administration officials had uttered before, and until now no action had been taken. So they were only partly heeded.

As the invasion neared on Tuesday, Bush retreated to a low-profile schedule, making no public appearances except for the White House party. He gathered with top security advisers, as well as Vice President Dan Quayle, to make the final plans for the attack on Noriega.

Late into the night, Bush, along

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Bush all smiles at pre-invasion celebration

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with Secretary of State James Baker, national security adviser Gen. Brent Scowcroft, and White House chief of staff John Sununu, continued to watch developments. Bush began telephoning congressional leaders and heads of state.

Only as the giant C-130 transports began landing in Panama did the rest of the world begin to realize that the United States was strik-

ing directly at the heart of Noriega's power.

As the fighting dragged through the night with no capture of Noriega, Bush decided on an early morning broadcast to the public. He took a nap, arriving back in the Oval Office at 6:30 a.m. Wednesday to review news reports. He delivered a brief address at about 7:20 a.m.

For the rest of Wednesday, Bush found time to nap as he continued to watch developments from the

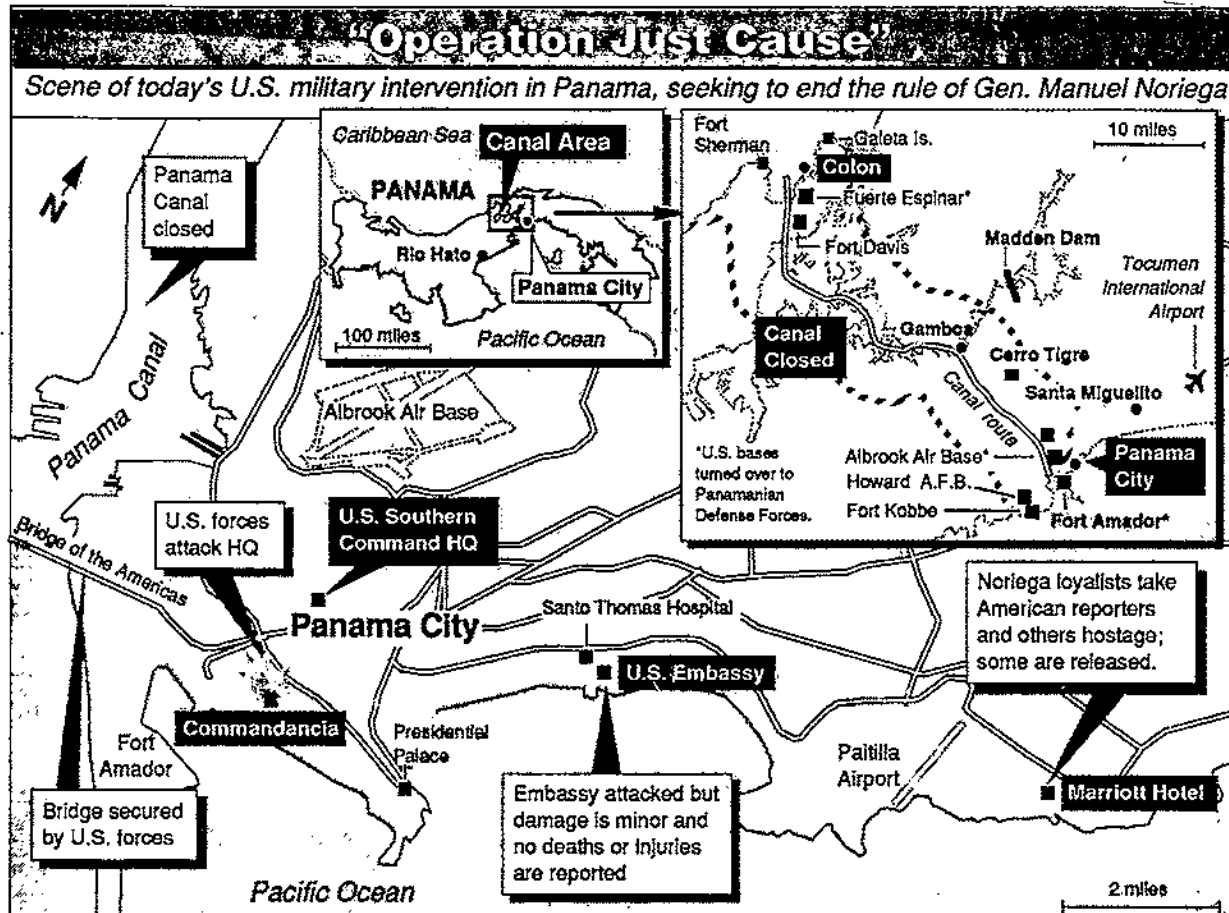
Oval Office. His press secretary said he was "pleased with the military progress so far" but "saddened by the casualties."

His staff canceled almost all of the president's events for Wednesday, except for one.

As planned, Bush was in his place before the White House Christmas tree, greeting several hundred more guests at another in his series of evening holiday parties.

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■ U.S. forces began by securing key objectives. Targets included the international airport, bridges over the canal and the Pacora River, and the Madden Dam and Cerro Tigre facility, both of which are vital to the country's electrical grid. Soldiers jailed for taking part in the failed anti-Noriega coup in October were freed from Gamboa prison by U.S. troops securing the area.

■ At the same time, U.S. paratroops and special forces sought to "neutralize" the bases of Panamanian military units that had supported Gen. Noriega in the Oct. 3 coup attempt. Bases at Rio

Hato, Colon, Fort Amador, and near the airport were sealed, and Panamanian troops fled, surrendered, or stayed in barracks.

■ U.S. mechanized forces attacked the Commandancia, the main Panamanian military headquarters in Panama City, which caught fire during the fighting. Sporadic shooting continued through the morning there and in other neighborhoods of the city, as well as at Santa Miguelito and Colon.

■ Reinforcements arriving at the international airport to aid mop-up efforts included paratroops of the 82nd Airborne division.

Noriega confidant captured

By **RON BARTLETT**
and **BENTLEY ORRICK**
Tribune Staff Writers

TAMPA — A Panamanian businessman who could cement the Tampa drug case against Gen. Manuel Antonio Noriega surrendered to U.S. agents in Panama and was flown to Tampa Wednesday night.

Enrique A. "Kiki" Pretelt, the sole co-defendant in the large-scale marijuana case filed against Noriega in 1988, will appear in federal court in Tampa sometime today.

If he cooperates and testifies against Noriega, as federal officials expect he will, Pretelt could make the relatively simple Tampa case against Noriega stronger than the complex Miami cocaine racketeering case.

Nevertheless, U.S. Justice Department spokesman David R. Runkel said Wednesday that the government plan is still to prosecute Noriega in Miami first.

"The presumption is there that he will cooperate," said a federal official. "Obviously this tightens up this (Tampa) case against Noriega."

In Miami, U.S. District Judge William M. Hoeveler set the trial of Noriega and a raft of co-defendants for March 5.

The 47-year-old Pretelt, who ran a chain of duty-free shops in Panama, is accused along with Noriega of taking bribes from Tampa-based drug smugglers to help ferry \$300 million worth of Colombian marijuana safely through Panama.

According to the indictment against Noriega and Pretelt, a 400,000-pound marijuana load was to have been disguised as a load of plantains and shipped from Panama to New York on the Panamanian freighter Carl Cargo I in 1984.

Convicted Tampa-based smugglers Steven Michael Kalish and Leigh Bruce Ritch have testified that they paid \$750,000 in cash bribes to Noriega, Pretelt and another Noriega crony, Cesar Rodriguez-Contreras, to buy Panamanian government protection for the load. Rodriguez-Contreras since has been assassinated in Medellin, Colombia.

Kalish and Ritch have testified before a U.S. Senate subcommittee that the marijuana shipment bribes were part of more than \$4 million in cash, jewelry and air-

■ BCCI TRIAL

Colombian pleads guilty to laundering \$32 million cocaine profits/ 8A

(indicate page, name of newspaper, city and state.)

Tampa Tribune
Tampa, fl.

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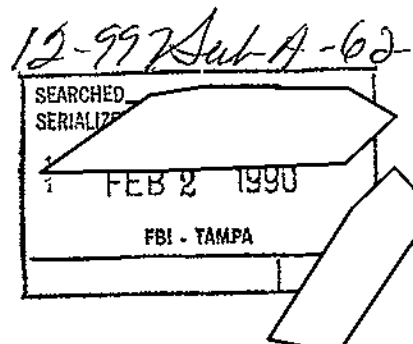
Date: 1/18/90

Title:
Noriega confidant captured

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Classification:
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See PANAMANIAN, Page 8A

(Indicate page, name of newspaper, city and state.)

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Date:
Edition:

Panamanian to appear today in Tampa court

■ From Page 1A

planes they gave Noriega and his associates.

The Tampa indictment charges that in return for the booty, Noriega gave Kalish a diplomatic passport, false Panamanian customs documents to disguise the drug shipment from Colombia, and armored car service to take cash flown in from the United States directly to money-laundering banks.

One of Kalish's banks in Panama was a branch of the Bank of Credit and Commerce International (BCCI). Two of its divisions pleaded guilty to money-laundering charges in Tampa Tuesday, forfeited \$14.8 million and agreed to cooperate in drug investigations by releasing bank records.

Amjad Awan, one of the BCCI bankers on trial in Tampa, testified before the Senate subcommittee about Pretelt:

"I tried very hard to get his account ... known to be one of the better accounts in Panama."

The marijuana-by-banana-boat plan was aborted when authorities arrested Kalish in Tampa in mid-1984. Both Kalish and Ritch were convicted and given long, no-parole sentences. Both are now cooperating with federal authorities in an attempt to cut their prison time.

FBI agents flew Pretelt into MacDill Air Force Base in south Tampa aboard a private aircraft, a federal source said. Where he would be held was kept secret pending his court appearance today.

Allen H. McCreight, special agent in charge of the FBI office in Tampa, said FBI agents and Panamanian officials conducted an intensive search for Pretelt over the past two weeks. He surrendered early Wednesday and was flown immediately to Tampa.

Pretelt is the latest Noriega confidant to be brought to the United States to stand trial on drug charges since 24,000 U.S. troops invaded

Panama on Dec. 20.

Among those arrested in Panama and awaiting trial with Noriega in Miami are Panamanian codefendants Lt. Col. Luis del Cid, accused of acting as a liaison and cash courier between his general and the cocaine cartel, and Daniel Miranda, a pilot accused of flying \$800,000 of drug money from Fort Lauderdale to Panama.

The three-count Tampa indictment, which was returned Feb. 4, 1988, at the same time as the Miami indictment, charges Noriega and Pretelt with conspiring to smuggle and attempting to smuggle 1.4 million pounds of marijuana from Colombia into America.

Maximum sentences upon conviction are 35 years in prison and \$265,000 in fines.

Panamanian pleads innocent in smuggling case

By BRUCE VIELMETTI
Times Staff Writer

TAMPA — A Panamanian businessman entered an innocent plea Thursday to charges he conspired with Manuel Noriega to smuggle 1.4-million pounds of marijuana into the United States.

Enrique A. "Kiki" Pretelt, named with Noriega in a 1988 Tampa indictment, surrendered to the FBI in Panama on Wednesday, and was flown here that night.

He is Noriega's only co-defendant in the Tampa case; Noriega also faces charges in Miami. The government plans to complete Noriega's Miami trial before trying him in Tampa.

"It is our sincere hope to go to trial without Mr. Noriega," said George Tragos, the Clearwater attorney representing Pretelt. "I think it's obvious from the indictment that the evidence against my client is extremely different from that against Mr. Noriega."

Pretelt is named in six of 36 overt acts supporting the drug trafficking conspiracy charge.

The indictment charges Noriega and Pretelt with taking \$750,000 in bribes from Tampa-based smugglers Steven Kalish and Leigh Rich in exchange for help in shipping tons of Colombian marijuana through Panama.

Both Kalish and Ritch were convicted in Tampa and are in prison. They have testified before a Senate subcommittee that their organization paid \$4-million in bribes to Noriega and his associates.

U.S. Magistrate Thomas Wilson set a Monday bail hearing for Pretelt, and put his case on an April trial calendar.

Asked whether Pretelt would cooperate with federal prosecutors and offer testimony against Noriega, Tragos said, "We've entered a not-guilty plea, and are going to trial."

Tragos said he has been negotiating Pretelt's surrender with the federal government since Dec. 24. Officials are holding Pretelt at a secret, secure location.

(Indicate page, name of newspaper, city and state.)

St. Petersburg Times
St. Petersburg, Florida

Date:
Edition: 1/19/90

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Panamanian pleads innocent in smuggling case

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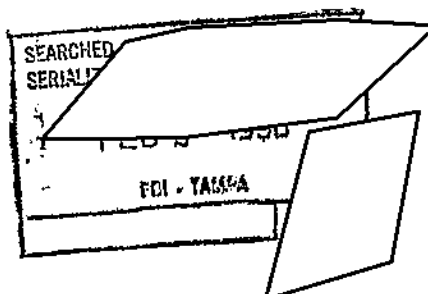
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Tampa Tribune
Tampa, Fl.
Page 13ADate: 1/19/90
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bail hearing scheduled Monday b7cCharacter:
or 12B-997 Sub A -64
Classification:
Submitting Office:
Tampa

Indexing:

Noriega cohort pleads innocent; bail hearing scheduled Monday

By RON BARTLETT
Tribune Staff Writer

TAMPA — Enrique Pretelt is a respectable Panamanian businessman who surrendered to FBI agents to clear his name, his lawyer said Thursday.

"People like that can't live on the run," George Tragos said of his client, who is Gen. Manuel Antonio Noriega's codefendant in a Tampa drug case. "He wanted to clear it up and get on with his life."

Pretelt, dressed impeccably in a gray, double-breasted suit, pleaded innocent in federal court here Thursday to charges that he and Noriega took bribes from Tampa-based smugglers to help move \$300 million worth of Colombian marijuana through Panama to the United States.

The 47-year-old Pretelt, nicknamed "Kiki," was a close Noriega associate who ran a chain of luxury goods shops in Panama.

Pretelt went underground soon after the U.S. invasion of Panama on Dec. 20. Noriega also fled the invaders, taking refuge for 10 days at a Vatican diplomatic building before surrendering to U.S. agents on Jan. 3.

FBI officials said Wednesday that their agents and Panamanian authorities had searched for Pretelt intensely since then.

While federal officials say they expect Pretelt to cooperate with them and strengthen the case against Noriega, Tragos insists his client will go to trial and fight the charges in the 1988 Tampa indictment.

"Right now he feels very confident that he is going to be treated fairly in the United States," Tragos said.

Tragos said Pretelt hired him on Christmas Eve, the same day Noriega turned up at the Papal Nunciature in Panama City. The Clearwater lawyer flew to Panama to help negotiate Pretelt's surrender to FBI agents.

After Pretelt turned himself in Wednesday morning, Tragos accompanied his client and FBI agents on a flight from Panama to MacDill Air Force Base in south Tampa.

Pretelt spent Wednesday night in Tampa in the custody of FBI agents who "treated him like a gentleman," Tragos said.

While Tragos said he was pleased with the federal protection for his client, security here was noticeably more relaxed than that surrounding Noriega.

Federal officials won't even confirm publicly where Noriega is being housed while he awaits trial in Miami on separate cocaine and racketeering charges. But agents es-

corted Pretelt for a half-block on downtown sidewalks from the FBI offices to the federal courthouse Thursday morning, enabling cameramen and photographers to film him.

As Pretelt walked into a second-floor courtroom for his afternoon hearing, he eyed the reporters and artists in the audience, then sat across from Assistant U.S. Attorney Karla Spaulding, chief of the office's drug-trafficking section.

Spaulding introduced herself to Pretelt. Pretelt, who speaks fluent English and needs no interpreter, nodded back.

Spaulding asked U.S. Magistrate Thomas Wilson to order that Pretelt be held without bail pending trial. A hearing on that request is scheduled for 3 p.m. Monday.

The Tampa indictment charges that Noriega and Pretelt were partners with convicted Tampa-based drug smuggler Steven Michael Kalish in a Panamanian corporation, Servicios Turisticos, which prosecutors say they used as a cover to take bribes from traffickers.

The indictment also charges that Pretelt once accepted a \$250,000 down payment on behalf of Noriega to help smuggle 400,000 pounds of marijuana to the United States.

Kalish and another convicted Tampa-based smuggler, Leigh

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Enrique Pretelt, accompanied by FBI agents, walks to court Thursday in Tampa. The Pana-

manian businessman stands accused of taking bribes from Tampa-based drug smugglers.

Bruce Ritch, have testified before a U.S. Senate subcommittee that such bribes were part of more than \$4 million in cash, jewelry and airplanes they forked over to Noriega

and his associates.

Tragos contended that Noriega and Pretelt may have gone to parties together and talked business but that there was nothing illegal in

their relationship.

He hopes to have Pretelt tried separately from Noriega before the Miami case against the deposed dictator is over.

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Noriega refused release on bond

By MICHAEL ISIKOFF
Washington Post

MIAMI — A federal judge ordered Manuel Antonio Noriega held without bond after the deposed Panamanian dictator's lawyers refused to participate in a pretrial detention hearing Friday and demanded their client be transferred to a neutral country as a "prisoner of war."

"His name is Manuel Antonio Noriega. His rank is four star general. His serial number is 0001," declared Frank Rubino, Noriega's lead defense lawyer, in his only response to the government contention that Noriega poses an "extreme danger to the community" and should not be released before his trial.

Dressed in his khaki Panamanian Defense Forces uniform with his general's epaulets, Noriega appeared in a relaxed and at times jovial mood during his third court appearance since he was flown here from Panama City to stand trial on cocaine trafficking and racketeering charges.

The hearing was confined to the narrow question of whether Noriega was a "risk of flight" who should be denied bond. Noriega's lawyers acknowledged the outcome was a foregone conclusion,

Please see **NORIEGA 2A**

(Indicate page, name of newspaper, city and state.)

Tampa Tribune
Tampa, fl.

Page 1A
Date: 1/27/90
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Noriega refused release on bond

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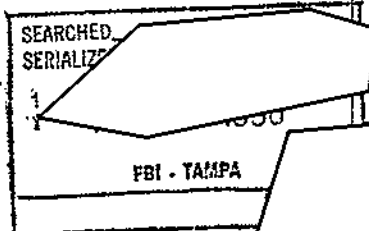
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Noriega from 1A

and prosecutors used the proceeding as a further opportunity to attack Noriega as a corrupt, violent dictator with access to "vast overseas wealth" and unsavory foreign friends, including Fidel Castro and Libyan leader Moammar Gadhafi, who could give him refuge.

To back up his claims, Assistant U.S. Attorney Myles Malman introduced a picture of matching "his and her" wristwatches bearing Gadhafi's image that were found in Noriega's home by U.S. troops during the invasion of Panama last month.

Responding to what he called "totally silly and inane" piece of evidence, Rubino said: "I'm surprised they didn't show us the infamous George Bush photo with the general" — a reference to a widely shown picture of a meeting Noriega had with Bush when he was vice president.

The prisoner of war argument, which Noriega also invoked in a letter to President Bush, represented a new phase in the pretrial legal jousting in the case. Norie-

ga's lawyers had initially refused to accept U.S. Judge William Hoeweler's jurisdiction on the grounds he was "a political prisoner," then reversed course and hinted at a vigorous challenge during Friday's hearing.

Sources say Noriega personally felt strongly about asserting his rights as a military prisoner separated from his comrades. But lawyers for some of Noriega's co-defendants warned that the strategy could quickly backfire.

If Noriega's lawyers continue to refuse to accept the jurisdiction of the U.S. court system, they may tie themselves in a legal knot, unable to file delaying motions and seek classified government documents that could aid in their client's defense, other lawyers noted.

As a result, there would be little to stop Hoeweler from proceeding with his plans to begin Noriega's trial on the week of March 5.

Rubino, talking to reporters later, said it would have been "foolish" to think that Noriega would have been released on bond. But he said Noriega had wanted to make a larger point — that "this is not really a judicial matter but a political matter."

(Mount)

Noriega denied bond

MIAMI (AP) — A federal judge on Friday ordered deposed Panamanian dictator Manuel Antonio Noriega held without bond after his attorneys asked that their client be declared a prisoner of war and transferred to a neutral country.

Prosecutors listed homes, bank deposits, sports cars and other assets worth up to \$30 million, including \$5.8 million in cash found in Noriega's Panama ranch, to bolster their argument that Noriega would flee the country if necessary.



Noriega

They also said Noriega is an expert in counterterrorism and covert actions and still has a loyal band of armed followers.

"Mr. Noriega is an extraordinary danger to the community," prosecutor Myles Malman told U.S. District Judge William Hoeveler. He also said Noriega faces 145 years in prison.

Hoeveler, noting the defense's refusal to participate in the bond hearing, said he had no choice but to order Noriega, 51, held without bond.

Defense attorney Frank Rubino, opened the hearing by telling the judge the defense would not participate because it challenges the jurisdiction of the U.S. court system and his client is covered by the Geneva Convention. Noriega sat quietly nearby in military uniform listening with interpreters' headphones. The motion said Noriega in a letter delivered Friday morning to President Bush and the secretary of state "claimed the status of prisoner of war pursuant to the Geneva Convention."

"There can be absolutely no question, whatsoever, that the invasion of Panama by the United States military totally and completely fulfills the definition of armed conflict," Rubino said, reading from the motion.

Hoeveler did not consider the motion immediately and Malman began his arguments against bond in the hearing stemming from the February 1988 drug indictment.

Asked by Hoeveler at the end of the session if he wished to rebut prosecution arguments, Rubino replied by reciting Noriega's name, rank and serial number — 0001.

The defense motion had noted that "Noriega, in his capacity as chief of state and commander in chief of the Panamanian Defense Forces was recognized as the leader of the Republic of Panama by the United Nations, the Organization of American States and independent governments in this hemisphere and throughout the world."

The defense contends that an international tribunal, perhaps the World Court at The Hague or Geneva, must automatically be invoked by Noriega's alleged POW status.

Noriega has been held without bail since he was flown to the United States Jan. 4 and jailed in the federal courthouse basement here to face 12 drug-trafficking counts from the 1988 indictment.

The defense had refused to ask for bail because of the denial of U.S. jurisdiction in his case. Prosecutors, however, feared that failure to guard Noriega's rights could later undermine their case.

Under a federal magistrate's orders, defense attorneys Rubino and Steven Kollin have given prosecutors a list of two homes and three offices Noriega used in Panama. In return, the government was to supply an inventory of what was taken from the residences before Friday's bond hearing began.

The hearing was the first time attorneys for Noriega or his five co-defendants, in custody or out on bond, have seen any of the government's case.

Richard Sharpstein, an attorney for co-defendant Brian Alden Davidow, attended the hearing and talked briefly with Noriega.

"He has a good sense of humor," Sharpstein said. "I asked him if he was going to watch the Super Bowl with George Bush, and he laughed and gave me the thumbs up."

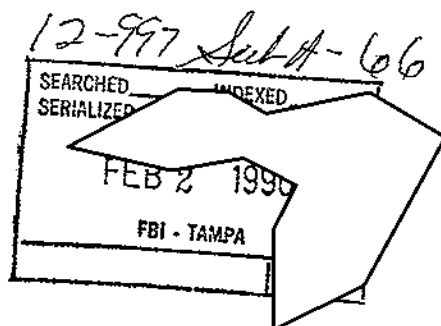
(Indicate page, name of newspaper, city and state.)
Tampa Tribune
Tampa, Fl.

Page 9A
Date: 1/27/90
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Title:
Noriega denied bond

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Classification: 12-997 Sub A
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Panamanian pleads innocent in smuggling case

By **BRUCE VIELMETTI**
Times Staff Writer

TAMPA — A Panamanian businessman entered an innocent plea Thursday to charges he conspired with Manuel Noriega to smuggle 1.4-million pounds of marijuana into the United States.

Enrique A. "Kiki" Pretelt, named with Noriega in a 1988 Tampa indictment, surrendered to the FBI in Panama on Wednesday, and was flown here that night.

He is Noriega's only co-defendant in the Tampa case; Noriega also faces charges in Miami. The government plans to complete Noriega's Miami trial before trying him in Tampa.

"It is our sincere hope to go to trial without Mr. Noriega," said George Tragos, the Clearwater attorney representing Pretelt. "I think it's obvious from the indictment that the evidence against my client is extremely different from that against Mr. Noriega."

Pretelt is named in six of 36 overt acts supporting the drug trafficking conspiracy charge.

The indictment charges Noriega and Pretelt with taking \$750,000 in bribes from Tampa-based smugglers Steven Kalish and Leigh Rich in exchange for help in shipping tons of Colombian marijuana through Panama.

Both Kalish and Ritch were convicted in Tampa and are in prison. They have testified before a Senate subcommittee that their organization paid \$4-million in bribes to Noriega and his associates.

U.S. Magistrate Thomas Wilson set a Monday bail hearing for Pretelt, and put his case on an April trial calendar.

Asked whether Pretelt would cooperate with federal prosecutors and offer testimony against Noriega, Tragos said, "We've entered a not-guilty plea, and are going to trial."

Tragos said he has been negotiating Pretelt's surrender with the federal government since Dec. 24. Officials are holding Pretelt at a secret, secure location.

(Indicate page, name of newspaper, city and state.)
PAGE 3A

ST. PETERSBURG TIMES
ST. PETERSBURG, FL.

Date: JANUARY 18, 1990
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FBI - TAMPA	

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Co-defendant flown to TampaTimes Staff Writer

TAMPA — A co-defendant of Manuel Noriega involved in a Tampa drug smuggling case turned himself in to the FBI in Panama on Wednesday and was immediately flown to Tampa.

Enrique Pretelt, 47, is scheduled to appear before a U.S. Magistrate here today. Pretelt and Noriega are charged with conspiring to smuggle 1.4-million pounds of marijuana into the U.S. in 1983 and 1984, and of accepting \$1.2-million in bribes from U.S. smugglers.

Though named in all three counts of the indictment, Pretelt's role in the alleged conspiracy is much smaller than Noriega's. Pretelt's attorney, George Tragos of Clearwater, said he has been talking to federal officials about the matter since Dec. 24, and that Pretelt intends to enter an innocent plea and go to trial.

(Indicate page, name of newspaper, city and state.)

PAGE 3A

ST. PETERSBURG TIMES

ST. PETERSBURG, FL.

Date: JANUARY 19, 1990

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PAGE 13B-

THE TAMPA TRIBUNE

TAMPA, FL.

Date: December 8, 1989

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TAMPA

Indexing:

Drug smuggler convicted in Tampa testifies in trial

LAFAYETTE, La. (AP) — A prosecution witness convicted of drug smuggling in Tampa testified Thursday that he formed an organization with Panamanian President Manuel Noriega and others to launder drug money for the Ochoa family of Colombia.

Stephen Kalish, serving time in Florida as a repeat offender in drug enterprises, is testifying for the federal government in U.S. District Court in Lafayette against 23 men accused of smuggling vast amounts of marijuana and cocaine.

In Thursday's testimony, Kalish said the organization handled \$50 million to \$100 million monthly for the Ochoa family, described by law enforcement authorities as co-leaders of the Medellin drug cartel.

Kalish said the money-laundering organization received a 5 percent commission.

Kalish, who has claimed a close relationship with the Panamanian dictator, said he once bought a \$2 million helicopter for Noriega.

In 1984, when Kalish was arrested, he said he wrote a letter to Noriega encouraging him to continue the lucrative money-laundering transactions.

"I told him I wouldn't disclose his activities to the U.S. government, and I was sorry I didn't tell him I was a federal fugitive."

Kalish also said he chose the name "America's Heartland" for a planned 1 million pound marijuana shipment to Missouri

because it was being sent to the heart of America.

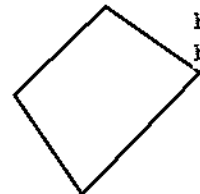
U.S. District Judge John Shaw decided Wednesday that defense attorneys may ask Kalish about any smuggling profits he kept but cannot ask where he hid the money.

Kalish said that under his 1987 plea bargain with federal prosecutors in Florida, he agreed to forfeit \$2.8 million in assets but the government can seize any other assets it can find.

Kalish, who pleaded guilty to operating a continuing criminal enterprise, said his sentence has been reduced from 14 years in prison to 10 years because of his testimony at previous trials and before the U.S. Senate. He could have received life in prison.

Kalish said the guilty plea encompassed many of his smuggling efforts, including two loads of marijuana to North Carolina in 1982, only one of which was successful; the 1983 shipment to Louisiana of almost 300,000 pounds of marijuana, a 1,200-pound shipment of cocaine to Shreveport and an attempt to bring 1,000 pounds of cocaine into Shreveport.

He said he expects to testify in an upcoming trial in Florida and again in Lafayette when the remaining defendants in the current drug case are tried.

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BCCI banks enter guilty pleas



Tribune photograph by BRUCE JOHNSON
Amjad Awan, left, walks to court Tuesday with his attorney,
John Hume. Awan was Gen. Manuel Antonio Noriega's banker.

(Indicate page, name of
newspaper, city and state.)
PAGES 1A & 2A
THE TAMPA TRIBUNE
TAMPA, FL.
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12-997 Sub A-70

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FBI - TAMPA	

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By TOM BRENNAN
Tribune Staff Writer

TAMPA — Two subsidiaries of a Luxembourg-based bank pleaded guilty Tuesday to laundering \$14 million in cocaine profits and agreed to forfeit the cash to the U.S. government.

The guilty pleas should aid in the prosecution of deposed Panamanian dictator Manuel Noriega, who maintained two accounts with the banks before he was indicted here and in Miami in February 1988. The banks agreed to open their records to prosecutors.

The Bank of Credit and Commerce International, S.A., and the Bank of Credit and Commerce International (Overseas) Ltd. became the first international banking institutions to admit to federal money-laundering charges.

federal tax and currency laws.

In exchange for the \$15 million and the guilty pleas, prosecutors agreed to drop charges that the banks were part of a massive drug-smuggling conspiracy. They also agreed to drop all charges against the banks' parent holding company and Colombian affiliate.

The banks in turn agreed to cooperate with investigators. While the written plea agreements did not name Noriega, the banks said they would disclose "all relevant" information and records involving unspecified ongoing investigations. They also agreed to make their employees available for government questioning.

U.S. District Judge William Terrell Hodges ordered prosecutors and defense lawyers not to discuss the guilty pleas. The bank's spokes-

The agreement to relinquish the \$14 million, put in an escrow account when the bank was indicted in October 1988, is the nation's largest bank forfeiture. The account has accumulated more than \$1 million in interest, which the government also gets to keep.

Prosecutors on Tuesday also agreed to drop all charges against one bank officer, Aqbal Ashraf. But five other bankers are left to answer charges they laundered massive amounts of Colombian cocaine cash.

Also remaining as defendants are two Colombians who prosecutors say managed cash for members of the cocaine cartels.

The two banks pleaded guilty to participating in a money-laundering conspiracy and 30 specific acts of money laundering or violation of

men had no comment.

Noriega, according to court records, kept as much as \$23 million in personal and government accounts at various BCCI branches.

The man who administered those accounts for more than a decade, Amjad Awan, is one of the bank officers still on trial.

When the trial resumes today, the court will continue to hear testimony in Awan's efforts to keep prosecutors from mentioning any statements he made after his Oct. 8, 1988, arrest. Tuesday's testimony showed the bulk of those conversations centered on his relationship with Noriega.

Just before recessing for the night, prosecutors announced they were dropping the charges against

See PROSECUTORS, Page 2A

Prosecutors drop charges against one BCCI manager

■ From Page 1A

Ashraf.

"We just didn't have enough evidence," said prosecutor Michael Rubinstein.

Ashraf, 29, of Lawndale, Calif., manager of BCCI's Los Angeles branch, faced two conspiracy charges.

"My family and children have gone through hell in the last 14 months," he said. "It has been a great agony and it has been just too much."

The only connection Ashraf had to the alleged conspiracy was an Oct. 5, 1988, meeting at the Los Angeles airport with Robert Mazur, the undercover U.S. Customs agent at the center of the three-year investigation.

Mazur, using the name Musella, played the role of jet-set financial consultant with a seat on the New York Stock Exchange and ties to organized crime.

Prosecutors conceded that Mazur's only purpose for meeting with the banker was to solicit incriminating statements and that it was the only time Mazur told Ashraf that his clients were cocaine dealers.

But the meeting with Ashraf came the day after he and the others had been indicted. Federal law prohibits agents from having post-indictment meetings with defendants without their attorneys.

Mazur claimed in court records that he didn't know the indictment had been returned and had the

meeting to protect his undercover identity.

Ashraf's attorney challenged the use of the Oct. 5, 1988, conversation, saying Mazur lied about not having knowledge of the indictment. Rather than prove Mazur's truthfulness, prosecutors agreed not to use the statements.

"Unfortunately, he was only another arrow on the chart," said Morris Winberg, Ashraf's attorney. "His role (in any conspiracy) was non-existent, and there was never any evidence against him."

The government plans to call a number of convicted drug kingpins in efforts to show the bankers habitually and knowingly took drug money and assisted traffickers in hiding the source of their profits.

The chief drug runner on the government's witness list is Stephen Michael Kalish, who is serving a 15-year sentence without parole after pleading guilty to running a Tampa-based smuggling ring.

Kalish has told a U.S. Senate subcommittee that he paved the ring's expansion into Panamanian banking circles with a \$300,000 cash bribe to Noriega. He also said that during the same 1983 trip, he met with Awan and opened an account in BCCI's Panama City branch with a \$2 million deposit.

Awan, in Senate testimony, admitted to being Noriega's personal banker but said he couldn't remember dealing with Kalish. He also denied that the bank accepted drug cash.

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

PAGE 2A

ST. PETERSBURG TIMES

ST. PETERSBURG, FL.

Date:

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Noriega to be held in Miami for time being, authorities say

Associated Press

MIAMI — Manuel Antonio Noriega will not be moved from Miami any time soon, federal authorities say, so that he can assist his lawyers in preparing a defense against drug charges.

The deposed Panamanian dictator was described Saturday as "generally upbeat." U.S. marshals are believed to be holding Noriega in the federal courthouse downtown.

There was little visible security around the courthouse Saturday. A handful of journalists maintained a vigil there should authorities decide to move Noriega, who walked out of the Vatican embassy in Panama City and into U.S. custody on Wednesday.

Noriega lawyer Steven Kollin said marshals assured him and others on the defense team that Noriega won't be moved from the Miami area any time soon.

Kollin said he and lawyer Frank Rubino don't expect to file motions for about 30 days. Their first will likely seek dismissal of the 12-count federal indictment that alleges Noriega helped cocaine traffickers in exchange for millions of dollars.

Noriega and his lawyers have spent hours together since he was flown to Miami. The lawyers promised U.S. marshals they would not disclose Noriega's location, Kollin said.

"He's generally upbeat," Kollin said of his client. "He's working with us in preparations. There are certain essential facts that we need to go over. He's necessary for us to go in the right direction."

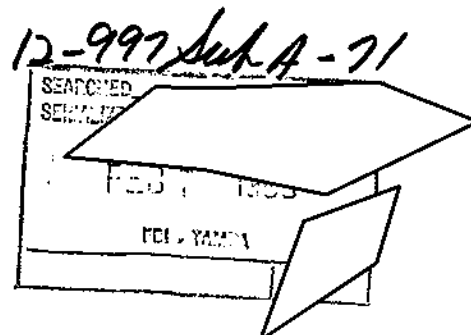
Noriega also faces an indictment in Tampa.

Noriega's lawyers were not surprised at the results of a poll published Saturday by the *Miami Herald* that indicated a majority of area residents already believe Noriega is guilty.

Of 130 Dade County residents interviewed by the newspaper, 55 percent said they believed Noriega was guilty, 40 percent said they had no opinion and 5 percent said he was innocent.

Kollin said he doubted other cities were different.

"The problem is not a change of venue in this particular case. What it really comes down to is where do you move it?" he asked. "I think it was impossible for any citizen of the United States, unless they were stone-deaf, not to have heard of this matter."

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Noriega associate in Miami

Associated Press

WASHINGTON — A Panamanian officer indicted along with deposed dictator Manuel Antonio Noriega on drug-related charges was escorted to Miami on Monday by U.S. drug enforcement agents, the Justice Department announced.

Lt. Col. Luis del Cid, a Noriega

loyalist who commanded a Panama Defense Forces unit, gave himself up to U.S. forces in Panama and was arrested, said spokeswoman Deborah Burstion-Wade.

Del Cid was one of 15 Noriega associates indicted in February 1988 by a federal grand jury in Miami.

(Indicate page, name of newspaper, city and state.)

Page 2A

St. Petersburg Times

St. Petersburg, Fl.

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U.S. officials argue with Vatican over Noriega's fate

By SUSAN BENESCH
Times Latin America Correspondent

PANAMA CITY, Panama — While Gen. Manuel Antonio Noriega spent Christmas inside the Vatican mission here, his hosts, his friends and his enemies tried to agree on what to do with him.

Spain announced it could not give Noriega asylum because a Spanish-U.S. extradition treaty would oblige Spain to hand him over to the United States. Noriega faces drug charges filed in Florida, and President Bush has vowed to prosecute him.

The United States' huge military operation to capture Noriega, and its \$1-million bounty offer, failed. The general eluded U.S. troops for four days and sought refuge Sunday in the Vatican mission.

Defense Secretary Dick Cheney said at a news conference in Panama City that Noriega's fate is in the hands of lawyers and diplomats. "Our objective

PANAMA UNDER SIEGE

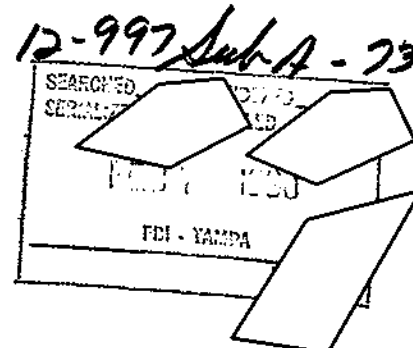
A full page of color photos
of the chaos in Panama — 7A

was, if we could, to capture Mr. Noriega and return him to the United States for trial. That is still our objective," Cheney said.

Cuba, which like Spain has been mentioned as a possible retirement home for Noriega, said it was prepared to take him. Another refuge could be the Dominican Republic, where he has a daughter and some property.

The Vatican was reportedly contacting a number of other Latin American and European countries in

Please see **PANAMA 2A**

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Panama from 1A

an effort to find a home for Noriega.

In Washington, a State Department source said that the United States had demanded "in extraordinarily tough terms" that Vatican authorities turn over Noriega, but a Vatican spokesman said the Holy See would probably not extradite him. No action can be taken without the approval of the Vatican, and it is not yet clear what course the pope wants to take.

Vatican spokesman Joaquin Navarro said Monday that Noriega's legal situation had not yet been decided. In most cases, political refugees have the right to asylum; fugitives from criminal prosecution usually do not.

Asked what the administration would like the Vatican diplomats in Panama City to do, a senior administration official said: "We want them to reject his request for asylum, walk him to the door, take him outside and let him go. We are not asking the Vatican to extradite him; we just want them to let him go. We will take care of the rest."

Panamanian Archbishop Marcos McGrath said that the nation's church would stay out of the diplomatic tussle over Noriega. "I hope

that he can accept that this is the end of his regime and find some peace," he said.

The new Panamanian government, for its part, has kept quiet so far.

Ricardo Arias Calderon, the first vice president, said Monday he could not comment since the government has not been officially informed of Noriega's status in the nunciature. Arias Calderon said that speaking personally, however, "He must be brought to justice somewhere. The crimes of Noriega are not only crimes against the people of Panama, but . . . crimes against humanity."

He was referring to Noriega's alleged drug trafficking. The vice president refused comment when asked whether he thought the Vatican should take steps to bring Noriega to justice.

Meanwhile, dozens of American soldiers, armored personnel carriers and circling helicopters kept watch on the Vatican compound. American officials said the U.S. forces were there to protect Noriega from possible attacks by his countrymen who might try to lynch him.

— Information from AP, Cox News Service and the New York Times was used in this report.



Times photo — JONATHAN WIGGS

Panamanian President Guillermo Endara, left, and Vice President Billy Ford, center, attend a rally and Mass for refugees on Monday.

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 PAGES 1A & 12A
 THE TAMPA TRIBUNE
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Deposed dictator faces arraignment in Miami

By RON BARTLETT
 Tribune Staff Writer

TAMPA — Ousted Panamanian strongman Manuel Antonio Noriega was expected to appear in federal court today in Miami for arraignment on drug trafficking charges.

Noriega was handed over by U.S. military officials to agents from the Drug Enforcement Administration (DEA) in Panama on Wednesday, and placed on a C-130 for the six-hour flight to Homestead Air Force Base near Miami. He was expected to arrive at 3:46 a.m. today.

At Homestead, which was selected for security reasons because of its restricted access as a military base, Justice Department officials were expected to greet Noriega and hand him over to U.S. marshals, according to a federal law enforcement source.

The deposed Panamanian strongman may be held at Miami's Metropolitan Correctional Center, but security problems could force officials to place him in another lock-up, the source said.

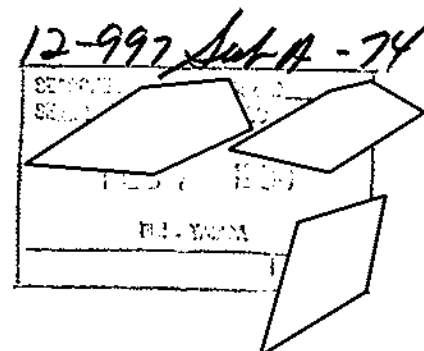
That scenario is similar to the way American authorities handled Panamanian Lt. Col. Luis del Cid, who was brought to Homestead against his will Christmas Day after surrendering to U.S. forces in Panama two days earlier.

Del Cid, a Noriega loyalist who was indicted with him on drug-trafficking charges in Miami, is being held at the Metropolitan Correctional Center.

Noriega is expected to appear in U.S. District Court in Miami today, but the time of the hearing could not be determined Wednesday.

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Miami, Tampa grand juries indicted Noriega in 1988

■ From Page 1A

night.

Noriega is wanted on drug-trafficking and money-laundering charges filed in two separate indictments handed up in Miami and Tampa in February 1988.

U.S. Attorney General Richard Thornburgh reportedly decided in early December to try the Miami case against Noriega first, then try the Tampa case.

A second federal source, who also spoke on the condition of anonymity, said that while both are "good cases," Justice Department officials believe the Miami case against Noriega is stronger.

The Miami indictment charges that Noriega took at least \$4.6 million from Colombia's notorious Medellin cartel to protect cocaine shipments totaling 8,800 pounds. Fifteen other men are charged in the conspiracy with Noriega.

The indictment charges that Noriega provided refuge to cartel members after its members assassinated Colombia's anti-drug minister of justice, Rodrigo Lara Bonilla. It says Noriega allowed them to build a cocaine-processing laboratory in Darien Province and sold the cartel processing chemicals, including those seized in drug raids by the Panamanian Defense Forces (PDF).

It also says Noriega traveled to Havana to have Cuban President Fidel Castro mediate a rift with cartel members after Panamanian troops destroyed the Darien plant in a 1984 raid.

Four of those named in the Miami indictment have been arrested and are awaiting trial.

Del Cid, who during the time of the alleged drug trafficking activity was a captain in the Panamanian National Guard and the PDF, is accused of acting as a liaison and courier between Noriega and the traffickers. Del Cid could face 70 years in prison and \$550,000 in fines if convicted.

Del Cid appeared Tuesday before U.S. District Judge William Hoeveler in Miami for a bond hearing. Hoeveler agreed to postpone the matter until Jan. 16.

William Saldarriaga, a Colombi-

an arrested in Miami in October, is named in the indictment as a cocaine trafficker for the cartel. He could face 40 years in prison and \$500,000 in fines if convicted. Saldarriaga also is being held without bond.

Daniel Miranda, who is accused along with co-defendant Eduardo Pardo of flying a plane from Fort Lauderdale to Panama with \$800,000 of drug money on board, was arrested Sunday and flown to Miami. Pardo is still at large. Both face five years in prison and \$10,000 in fines.

Also arrested was Brian Davidow, named in the indictment as a cocaine distributor in Miami. He could face a 60-year prison term and \$750,000 in fines if convicted and is currently out on bail.

In Tampa, Noriega is accused of accepting \$4 million in payoffs to allow Tampa-based smugglers to import 800 tons of marijuana through Panama in 1983 and 1984. He also is charged with masterminding the laundering of more than \$100 million of the drug ring's profits, partly through a corporation that he controlled.

Along with Noriega, the Tampa grand jury indicted Enrique Pretelt, a Panamanian businessman and close associate of the deposed general. Noriega and Pretelt are charged with conspiring with Steven Michael Kalish and Leigh Bruce Ritch to smuggle record amounts of Colombian marijuana into the United States through Panama.

The Tampa indictment charges that Kalish paid more than \$1 million in bribes on behalf of the ring and agreed to pay \$3 million more before he was arrested on July 26, 1984. In January 1988 testimony before a Senate subcommittee, Kalish also said he gave the PDF a Boeing 727 airliner and a helicopter to aid in smuggling.

The indictment says in return, Noriega gave Kalish a diplomatic passport, false Panamanian customs documents to conceal the shipments of Colombian origins, and access to the country's secretive banks.

Kalish pleaded guilty to drug-trafficking charges in 1987. His testimony led to Noriega's indictment in Tampa.

(Mount Clipping in Space Below)

Drug operation smelled dirty from start

By TIM COLLIE
Tribune Staff Writer

TAMPA — The drug investigation that helped topple Panamanian dictator Manuel Antonio Noriega began with some smelly socks in the bottom of a locker in a local gym.

The discovery of cocaine hidden among those socks eight years ago led authorities to what they Thursday called even dirtier laundry: a major drug ring headquartered in Tampa but rooted in Colombia and Panama.

And as scores of local, state and federal investigators say as they began digging through thousands of tips, cash flows, and drug shipments, they soon found that much of the laundry belonged to Panamanian Gen. Noriega.

"In the beginning, we had no idea where this was going to lead," said Hillsborough Sheriff's Sgt. Jim Russell, who made that first cocaine arrest in Tampa in 1981. It set off a string of arrests and convictions culminating in Noriega's arraignment on drug conspiracy charges Thurs-

day.

"Originally, our perception was that this was a huge smuggling operation in Tampa," said Russell, now in charge of a street crime unit covering eastern Hillsborough County. "As our investigation grew other avenues led to other countries, other states, other organizations."

Russell, then a Sheriff's detective, said he just happened to answer the telephone that morning in April 1981 when an employee of the Cort House Racquetball Club called to say he had found cocaine in a

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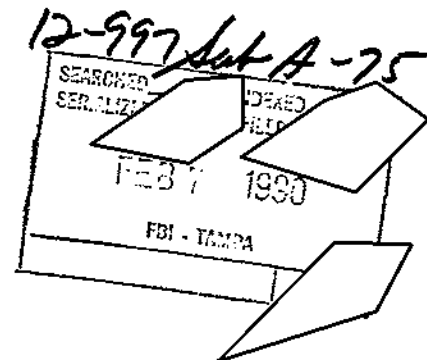
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club member's locker he was cleaning.

Detectives staked out the club and arrested two men, Albert Samuel Fortna and Joseph Lee La Chance, when they removed the drugs from the locker. The two men, who Russell called major distributors for the ring, are both in federal prison. Further investigation of the two led detectives to Stephen Michael Kalish and Tampa native Leigh Bruce Ritch.

"Leigh Ritch was absolutely the head of the operation, the CEO," Russell said. "Kalish was the president, the chief of operations."

As the investigation grew in scope, federal authorities found that their own separate drug investigations were leading from major cities back to Tampa, Russell said. In August 1983, investigators from the FBI, DEA and Customs met with Russell and his Sheriff's Office colleagues to form a joint task force.

Kalish was arrested in 1984, and began cooperating with investigators. He admitted being the top lieutenant in an organization headed by Ritch that smuggled 500,000 pounds of marijuana and 2,000 pounds of cocaine from Colombia beginning in 1981.

Kalish's testimony led authorities to Noriega, with whom Kalish said he struck a deal in 1982 to use Panama as a transshipment point for drug smuggling and money laundering.

"The organization was one of the largest smuggling operations ever uncovered," Russell said. "They were smuggling trailer truckloads of marijuana, 1,000-kilo(gram) shipments of cocaine. At one point, they smuggled 1 million Quaaludes into Mississippi."

By 1985, the task force began gathering evidence against the pock-marked Panamanian dictator.

"I believed it," Russell said of Noriega's involvement. "At that point in the investigation I would have believed just about anything."

Kalish told investigators that Noriega and his cronies offered a whole range of services for drug operations: shell corporations, armored car pick-up and delivery of drug money and use of military airfields so planes could avoid DEA agents.

Kalish said he moved into Noriega's exclusive neighborhood, partying with the dictator on weekends. He loaned Noriega the drug ring's private jet when the general flew to meet President Reagan in 1983.

It was Kalish's testimony that led to the Noriega's indictment in Tampa and Miami in 1988 for accepting \$4 million in payoffs to let smugglers ship 1.4 million pounds of marijuana. Noriega is also charged with masterminding the laundering of more than \$100 million of the ring's profits.

Kalish was convicted and sentenced last year to 14 years in prison. Ritch was captured by U.S. authorities in Jamaica in 1986, convicted and sentenced to 30 years without parole.

That same year, Fortna, whose arrest started the whole chain of events, was sentenced to 17 years without parole. LaChance was sentenced to five years in prison and given a \$15,000 fine.



Tribune photograph by CLIFF MCBRIDE
Hillsborough Sheriff's Sgt. James Russell spoke Thursday of the investigation that led to Gen. Manuel Antonio Noriega's arrest.

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Four convicted in drug operation with links to Noriega case

LAFAYETTE, La. — Four men were convicted here Monday in a major drug smuggling operation with links to deposed Panamanian dictator Manuel Noriega, while 16 co-defendants were found innocent. The four were found guilty on 16 counts in the smuggling operation that prosecutors said brought 48,000 pounds of marijuana into North Carolina and 280,000 pounds into Louisiana in 1983. The same operation was to bring 1-million pounds into Missouri in 1984, prosecutors said, but that plan was foiled with the arrest of Stephen Michael Kalish, the alleged ringleader and a key prosecution witness. Kalish, who said his drug-smuggling organization operated from the late 1970s through 1984, is in prison stemming from a guilty plea entered in Tampa in 1987 to a charge of continuing criminal enterprise. Kalish's plea resulted from the same investigation that led to Noriega's 1988 indictment in Tampa on drug charges and to the Lafayette trial.

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Noriega faces drug charges in Florida

Gen. Manuel Antonio Noriega, who was taken into custody by U.S. authorities in Panama late Wednesday, was named in drug trafficking indictments unsealed in February 1988 in Miami and Tampa.

They marked the first time federal charges were filed against a foreign leader who was not in the United States.

The Miami indictment says that after he took control of Panama in 1983, Noriega "utilized his official positions to provide protection for international criminal narcotics traffickers," including the Medellin cartel.

The cartel is said to be responsible for 80 percent of the cocaine reaching the United States.

Fifteen others also face charges in the case, and proceedings have already begun against four of them. They include Lt. Col. Luis Del Cid, 46, alleged to be a principal adviser to Noriega. He surrendered to U.S. forces in Panama last week and is

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ST. PETERSBURG TIMES

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being held in Miami pending a Jan. 16 hearing.

The Miami indictment charges Noriega with 12 counts of conspiracy, racketeering, importing drugs and traveling to further the conspiracy. Specifically, it accuses him of:

- Accepting a \$4.6-million bribe from Colombia's Medellin drug cartel to protect shipments of cocaine, launder money, supply drug laboratories and shield drug traffickers from the law.

- Allowing smugglers to use Panama as a way station for U.S.-bound cocaine.

- Utilizing his official positions both before and after he took power in 1983 to provide protection for international criminal narcotics traffickers.

- Arranging for the shipment of cocaine processing chemicals, including those seized by Panamanian police.

- Laundering cartel narcotics proceeds in Panamanian banks.

- Allowing cartel leaders to

shift operations to Panama to escape a crackdown in Colombia after the assassination of that country's anti-drug minister of justice.

- Traveling to Havana so Cuban President Fidel Castro could mediate a dispute with the Medellin cartel after Panamanian troops seized a drug laboratory that Noriega had been paid to protect.

Noriega could receive up to 145 years in prison and more than \$1.1-million in fines if convicted of all charges returned by the Miami grand jury.

A grand jury in Tampa also indicted Noriega on three counts of marijuana trafficking. That indictment alleges he attempted to import more than 1.4-million pounds of marijuana into the United States and accepted a \$1-million bribe from drug dealers for allowing them to smuggle drugs and launder cash in Panama.

The Justice Department has said that Noriega would be tried in Miami first because the case against him there is stronger.

(Mount Clipping in Space Below)

Noriega cohort pleads innocent; bail hearing scheduled Monday

By **RON BARTLETT**
Tribune Staff Writer

TAMPA — Enrique Pretelt is a respectable Panamanian businessman who surrendered to FBI agents to clear his name, his lawyer said Thursday.

"People like that can't live on the run," George Tragos said of his client, who is Gen. Manuel Antonio Noriega's codefendant in a Tampa drug case. "He wanted to clear it up and get on with his life."

Pretelt, dressed impeccably in a gray, double-breasted suit, pleaded innocent in federal court here Thursday to charges that he and Noriega took bribes from Tampa-based smugglers to help move \$300 million worth of Colombian marijuana through Panama to the United States.

The 47-year-old Pretelt, nicknamed "Kiki," was a close Noriega associate who ran a chain of luxury goods shops in Panama.

Pretelt went underground soon after the U.S. invasion of Panama on Dec. 20. Noriega also fled the invaders, taking refuge for 10 days at a Vatican diplomatic building before surrendering to U.S. agents on Jan. 3.

FBI officials said Wednesday that their agents and Panamanian authorities had searched for Pretelt intensely since then.

While federal officials say they expect Pretelt to cooperate with them and strengthen the case against Noriega, Tragos insists his client will go to trial and fight the charges in the 1988 Tampa indictment.

"Right now he feels very confident that he is going to be treated fairly in the United States," Tragos said.

Tragos said Pretelt hired him on Christmas Eve, the same day Noriega turned up at the Papal Nunciature in Panama City. The Clearwater lawyer flew to Panama to help negotiate Pretelt's surrender to FBI agents.

After Pretelt turned himself in Wednesday morning, Tragos accompanied his client and FBI agents on a flight from Panama to MacDill Air Force Base in south Tampa.

Pretelt spent Wednesday night in Tampa in the custody of FBI agents who "treated him like a gentleman," Tragos said.

While Tragos said he was pleased with the federal protection for his client, security here was noticeably more relaxed than that surrounding Noriega.

Federal officials won't even confirm publicly where Noriega is being housed while he awaits trial in Miami on separate cocaine and racketeering charges. But agents es-

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THE TAMPA TRIBUNE

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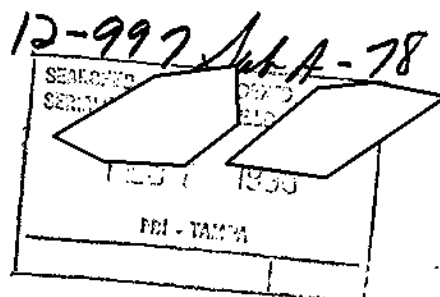
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corted Pretelt for a half-block on downtown sidewalks from the FBI offices to the federal courthouse Thursday morning, enabling cameramen and photographers to film him.

As Pretelt walked into a second-floor courtroom for his afternoon hearing, he eyed the reporters and artists in the audience, then sat across from Assistant U.S. Attorney Karla Spaulding, chief of the office's drug-trafficking section.

Spaulding introduced herself to Pretelt. Pretelt, who speaks fluent English and needs no interpreter, nodded back.

Spaulding asked U.S. Magistrate Thomas Wilson to order that Pretelt be held without bail pending trial. A hearing on that request is scheduled for 3 p.m. Monday.

The Tampa indictment charges that Noriega and Pretelt were partners with convicted Tampa-based drug smuggler Steven Michael Kalish in a Panamanian corporation, Servicios Turisticos, which prosecutors say they used as a cover to take bribes from traffickers.

The indictment also charges that Pretelt once accepted a \$250,000 down payment on behalf of Noriega to help smuggle 400,000 pounds of marijuana to the United States.

Kalish and another convicted Tampa-based smuggler, Leigh



Enrique Pretelt, accompanied by FBI agents, walks to court Thursday in Tampa. The Pana-

manian businessman stands accused of taking bribes from Tampa-based drug smugglers.

Tribune photograph by BRUCE JOHNSON

Bruce Ritch, have testified before a U.S. Senate subcommittee that such bribes were part of more than \$4 million in cash, jewelry and airplanes they forked over to Noriega

and his associates.

Tragos contended that Noriega and Pretelt may have gone to parties together and talked business but that there was nothing illegal in

their relationship.

He hopes to have Pretelt tried separately from Noriega before the Miami case against the deposed dictator is over.

(Mount Clipping in Space Below)

Ex-smuggler, waiting to testify, tells of Noriega's link to drugs

WASHINGTON — The last time Washington caught a glimpse of Floyd Carlton-Caceres, he showed up at a 1988 Senate hearing in a hood to disguise his identity and told lawmakers about Panamanian Gen. Manuel Antonio Noriega.

Noriega, according to Carlton, was heavily involved in Latin American drug running, money laundering and arms selling. He had a taste for fast jets and fancy cars, including a \$50,000 Corvette, and owned several houses, one of them called *La Playita*, Carlton said.

And he had an eye for making a profit.

Once in 1982, said Carlton, Noriega laughed at a \$30,000 fee that Colombian drug smugglers were offering for use of Panamanian airstrips. It was too low.

"And so I asked, how much do you want?" Carlton testified. "And he said: 'I won't take less than \$100,000 for the first trip, and I want that in advance.'"

Now, two years after Carlton testified on Capitol Hill, Noriega is in federal custody on drug charges stemming in part from the allegations Carlton made against him. If the Noriega case goes to trial, Carlton is expected to be a major prosecution witness against him.

Carlton, who is in the federal witness protection program, was one of several drug smugglers and law enforcement experts who testified in 1988 before a subcommittee of the Senate Foreign Relations Committee. The panel conducted a three-year investigation into narcotics trafficking.

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ST. PETERSBURG TIMES

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The witnesses testified that Noriega had a wide-ranging involvement in the affairs of several nations. They said that he once offered to assassinate Sandinista leaders in Nicaragua, that he kept in touch with Cuban leader Fidel Castro and that he also sold visas to foreigners at a considerable profit.

Carlton said that in 1982 Colombian smugglers made four landings in Panama with Noriega's military protection. Noriega's price escalated from \$100,000 for the first trip to \$250,000 for the fourth, said Carlton, who testified that he flew those shipments himself.

"I would call him to tell him that I had his money and he would send his assistants to pick it up," Carlton said.

In 1984, according to Carlton, Noriega gave refuge to members of the Medellin cocaine cartel who had engineered the assassination of a government official in Colombia. Noriega was paid several million dollars by the drug smugglers, according to testimony before the subcommittee.

"Things had become quite difficult for them because the Colombian government had seized all their airplanes and was trying to capture all of them to try them," Carlton testified. "So, they went to Panama trying to allow time for things to quiet down in Colombia."

Also testifying was Jose Blandon, the former general counsel of Panama, who alleged that Noriega ran an international "criminal empire."

"Together, Noriega and his group have turned Panama into a gigantic machine for all sorts of criminal activities and enter-

prises," Blandon told the subcommittee.

In other testimony, the head of the Drug Enforcement Administration (DEA) said his agency had received allegations about Noriega as far back as 1970.

"Over the years since 1970 there were allegations made about corruption involving Gen. Noriega that averaged about three allegations a year during that 15-year period from 1970 to 1985," DEA administrator Jack Lawn told the subcommittee.

Despite the allegations, Lawn said, the DEA remained friendly with Noriega because he helped the agency by providing tips about other drug smugglers. Letters obtained by the subcommittee show that Lawn had a cordial relationship with Noriega in the 1980s.

"I look forward to our continued efforts together," Lawn wrote Noriega in 1987 after Panama helped with a U.S. drug case. "DEA has long welcomed our close association and we stand ready to proceed jointly against international drug traffickers whenever the opportunity arises."

The CIA also overlooked Noriega's shortcomings because of his value to the spy agency, according to testimony. Former Costa Rican ambassador Francis McNeil told the subcommittee that

Noriega supplied the U.S. with extensive intelligence on Latin America and also supported the Nicaraguan Contras.

According to Lawn, the government's drug case against Noriega solidified after Carlton began to cooperate with authorities in 1987.

In February 1988, Noriega was indicted by a Miami grand jury that accused him of helping to protect shipments of more than 4,400 pounds of cocaine to the United States. The shipments allegedly occurred in the mid-1980s.

A separate indictment in Tampa linked him to marijuana smuggling.

(Mount Clipping in Space Below)

Where Was George?

BUSH AND THE SECRET NORIEGA REPORT

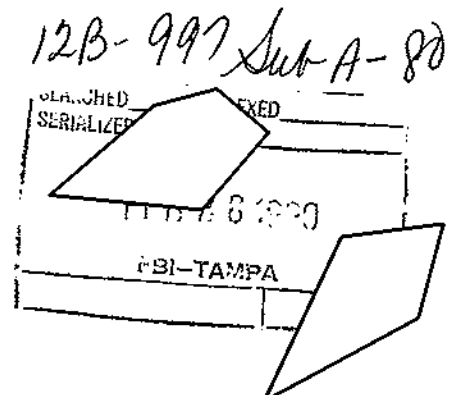
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BEFORE THE DIRECTOR of the Central Intelligence Agency meets with a foreign official, the agency's standard procedure requires that he be briefed exhaustively about that official's background, character, and relationship to the CIA. In 1976 George Bush, then Director of Central Intelligence, met for the first time with Manuel Antonio Noriega, the Panamanian military intelligence chief who was also a paid CIA informant. As much as a year earlier, the Department of Justice had compiled substantial evidence of Noriega's involvement in narcotics smuggling from Panama to the United States. Portions of that still-secret June 1975 report, which was available to the CIA at the time of Bush's meeting with Noriega, have now been obtained by *The Village Voice*.

The vice-president insists that he had little or no knowledge of Noriega's alleged drug-related crimes until the Panamanian was indicted in Florida last February. But an analysis of the circumstances under which Bush encountered Noriega in 1976 suggests that the vice president has known all about the Panamanian's drug activities for more than a decade. And new information continues to emerge: last week Stansfield Turner—who succeeded Bush as CIA director in the Carter administration—told reporters that he had removed Noriega from the agency's payroll, clearly implying that the re-

lationship had existed during Bush's tenure.

The Justice Department document whose existence suggests Bush must have known about Noriega is called the DeFeo report, after the Department attorney who was its principal author. The DeFeo report was chiefly concerned with misconduct in the Drug Enforcement Administration and with the DEA's relationship to the CIA. Among other things, it confirms a story first reported in *The New York Times* by Seymour Hersh in 1986, that top officials of the federal Drug Enforcement Administration considered assassinating Noriega, then a top aide to Panama's president Omar Torrijos, because of his role in the drug trade. The report—and its classified status—have been controversial in Washington for many years, because it examined many sensitive covert operations and topics.

The matter of its secrecy arose again last August during confirmation hearings for Edwin Meese III's successor as attorney general, Richard Thornburgh. As a Justice Department official during the mid-'70s, Thornburgh participated in a decision to withhold the DeFeo report from Congress. So when Thornburgh appeared before the Senate Judiciary Committee last August 5, Republican Orrin Hatch of Utah demanded that the report be turned over right away, announcing that it would prove "once and for all" that the Panamanian government had been implicated in the narcotics trade since the 1970s. Thornburgh agreed to hand it over as soon as possible.

The secrets of the DeFeo report are now in Hatch's hands. Nathalie Blackwell, a Hatch legislative assistant, said that the Utah Republican "is the only one who saw the DeFeo report. He still has it, but he is not making it available yet." She said there may be "restrictions on when it can be released." Yet New Mexico Democrat Dennis DeConcini, a member of the judiciary committee who joined Hatch in demanding the report, has not been given it, according to one of his aides. Hatch and Thornburgh may now be mindful of what the report could show about George Bush, their party's presidential candidate. Bush himself, through his campaign office, declined to comment on the DeFeo report.

Other members of Congress have meanwhile attempted to learn more about Noriega and Panama, but have encountered a stone wall of silence from the Reagan administration. Democrats Bill Alexander, an Arkansas representative, and John Kerry, the junior senator from Massachusetts, asked the General Accounting Office—Congress's investigative agency—to look at Panama as a "case study" of drug trafficking by a foreign official and its effects on U.S. policy. But as *The New York Times* reported on August 18, the White House has "ordered" the Defense Department, the State Department, the CIA, and the Justice Department (which includes the DEA) not to cooperate with the GAO's requests for information. A spokesman for the National Security Council cited "statutory and constitutional issues" as the basis for

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VICE-PRESIDENT
GEORGE BUSH AND
PANAMANIAN LEADER
MANUEL NORIEGA
MEET IN 1983 AT
PANAMA CITY
AIRPORT.

UPI/PHOTO

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the order of silence, but the political implications are obvious.

WHAT THE REPORT SAYS

THE DEFEO REPORT was actually a series of seven memoranda recounting information gathered by Michael A. DeFeo and a team of Justice Department attorneys, who were assigned early in 1975 to probe allegations of corruption against the DEA. One of the team's final memoranda, which bears the bland title, "Additional Integrity Matters," and the date June 18, 1975, included a tantalizing reference to Panama:

"The Senate Permanent Subcommittee on Investigations inquired into reports that Phillip Smith [acting chief inspector of DEA] and William Durkin [DEA assistant administrator for enforcement] participated in discussions within DEA regarding a proposal to assassinate the President of Panama [Torrijos], who was suspected of being involved in drug trafficking.

"Smith stated that he had not participated in any such discussion but had developed information of a plot to kill General Torrejos [sic]. Smith testified that this information was quickly passed on to the CIA for transmittal to the Republic of Panama. Smith said that he was later informed that the plot had been verified and neutralized....

"It was alleged that a discussion concerning assassination involved the possibility of killing Mr. Noryago [sic], the principal assistant to the president of Panama, and that Smith and William Durkin actually proposed that he be killed. ... A review of the files does not reveal Smith's position as to discussions concerning Noryago [sic]."

A former DEA official has confirmed to the Voice that such discussions did in fact occur. The official, who spoke on condition of anonymity, held a senior post in the DEA's division of operations during that period. He says that in 1972, he attended a meeting of top agency staff convened by DEA administrator John Ingersoll to consider the problem of Noriega, who had been identified as a "direct drug trafficker." Options, including assassination, were listed in a written plan, along with commentaries on each one, and the official implied that the murder proposal came from Smith and Durkin. Killing the Panamanian intelligence chief was eventually dismissed as "inappropriate" by Ingersoll, who instead complained to Torrijos and was ignored.

The same former DEA official, who still holds a position in government, says he knew that Noriega was not only cooperating with the CIA and with U.S. Army intelligence but was also providing information to the DEA. The narcotics accusations against the Panamanian were more than rumors. The official recalls one occasion when smugglers intercepted off the coast of Florida with a boatload of marijuana said they had paid Noriega to bring their contraband cargo through Panama—a story corroborated by an address book with the general's name and private telephone number. There was so much evidence, in fact, that in the early '70s DEA officials made their first attempt to indict Noriega on drug charges. But the indictment was never brought because the assistant U.S. attorney in Miami believed Noriega would never be extradited from Panama, according to the former DEA official.

No administrative or criminal action was ever taken against Smith or Durkin, as far as could be determined. Both officials, now retired from the DEA, declined to be interviewed by the Voice.

Among the seven separate documents produced by the DeFeo team was one titled "Classified Matters: Panama Materials," whose exact contents remain unknown. According to a Justice Department memorandum dated October 28, 1975, this portion of DeFeo's work dealt with "narcotics activity involving mili-

tary authorities in the country of Panama, along with the relevant documents. ... Most of this material is classified Top Secret, Secret or Classified. This material contains a discussion of certain non-conventional DEA investigative techniques." The indications of official secrecy tend to confirm the involvement of the CIA, although the Justice Department attorneys who wrote the report have declined to comment on it.

George Bush did not officially take over as CIA director until January 1976—nearly six months after the DeFeo Report was completed. As CIA director and head of the entire Washington intelligence apparatus, did Bush learn what the DEA and the Justice Department had known about for months and even years?

Despite the vice-president's current denials, there are several reasons to think believe he did know. In a deposition given in Washington earlier this year, Bush's National Security Adviser Donald Gregg—himself a former CIA official—testified that Bush met with Noriega in 1976.

"I believe he met [Noriega] once when he was director of CIA," Gregg said. "Noriega came up to Washington... with some other Panamanian officials, and there was a lunch meeting," Gregg said he didn't know what the meeting was about, but last week *The New York Times* reported that, when Bush met Noriega in 1976, the Panamanian was suspected of having paid U.S. agents to give him sensitive intelligence information. Their luncheon was more than a social occasion.

If only because of its intervention to block the plotted assassination of Torrijos—and even without the DeFeo report—the CIA would have been aware of Noriega's alleged involvement with narcotics. Therefore, this information would in turn have been available to Bush before he met with Noriega. Given the suspicions that Noriega was subverting the U.S. intelligence system at the time he met with Bush, it seems unlikely that the agency would not have provided its director with this derogatory information about the Panamanian official.

Scott Breckinridge, who served as deputy inspector general of the CIA under Bush, told the *Voice* that he did not personally know about the DeFeo Report when he worked at the agency. Breckinridge did say, however, that before a meeting with a figure like Noriega, Bush would have been briefed by the CIA division chief for South America with answers to the following questions: "What kinds of problems should we expect from Noriega? What do I need to know about him? What should I ask him?" In Breckinridge's opinion, such a briefing would be particularly necessary because "so many of these guys are thugs." He says quite frankly that he believes the CIA should not be involved in drug enforcement.

Bush had another overriding reason—aside from his particular concerns about

Noriega and Panama—to be aware of the information contained in the DeFeo Report. His year as Director of Central Intelligence was marked by a stream of devastating stories, emerging from congressional and media investigations, about the agency he headed; he spent much of his time trying to stop the hemorrhaging of long-held secrets.

"When I took over as DCI," he wrote in his recent autobiography, "there were daily messages from CIA stations on my desk every morning, reporting that we were losing valuable sources of information as a result of worldwide publicity caused by leaks from irresponsible investigators on Capitol Hill." Bush visited Congress to lobby or testify on the average of once a week, and was engaged in a series of disputes with the Justice Department about its demands for information about CIA agents and operations.

Several sections of the report concerned the agency—Lucien Conein, a legendary CIA man who worked for DEA, was one of the investigation's chief sub-

jects—and the Justice Department continued to examine the agency's relationship with the DEA for months after the DeFeo Report was completed. As part of this continuing investigation, a special aide to the assistant attorney general named Phil White was assigned to review "the exchange of information between the DEA and the CIA related to a CIA narcotic intelligence network," according to a Justice Department memorandum of October 28, 1975.

In a "status report" on the DeFeo report dated December 24, 1975, it was noted that "the CIA investigation" was continuing, and that completion of the entire probe would probably continue for at least "one or two months." By then Bush had been sworn in as CIA director. The same status report noted that in late November 1975, staff members of the two congressional panels investigating the CIA—the Church Committee and the Pike Committee—were beginning to review "various materials relating to the

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REPUBLICAN SENATOR ORRIN HATCH HAS A COPY OF THE DEFEO REPORT BUT HE'S NOT SHARING.

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DeFeo Report."

According to Breckinridge, the former CIA deputy inspector general, it is also likely that the handling of the DeFeo Report after January 1976 would have involved Bush himself. This would be even more certain, he added, if the report concerned a strategic nation like Panama or intelligence coordination with another federal agency like the DEA. His observation is bolstered by another investigation of DEA-CIA relations, also conducted in 1975, by the General Accounting Office. Communications with the GAO involving that probe were handled directly by William Colby, Bush's predecessor as CIA director. So Breckinridge considers it likely that Bush himself would have handled the DeFeo report after he took over.

Apparently the bulk of the report, and particularly the classified section on Panama, has never been given to Congress. Nine months after the DeFeo team's work was completed, the Justice Department was still reluctant to turn the sensitive report over to the two senators, Charles Percy and Sam Nunn, who had requested copies.

A March 26, 1976, memorandum to DEA chief Peter Bensinger from Mark Wolf, a special assistant to Attorney General Edward Levi, notes that a meeting

had been held a day earlier to discuss the status of the DeFeo report, and "it was decided that we should continue to resist disclosing to Congress any portion of the DeFeo report being reviewed for possible criminal or administrative action."

The same memo discusses the prospect of allowing Percy and Nunn "conditional access to portions of the DeFeo report" when the investigations of the individual corruption cases it described were closed. Because the report discussed a number of topics touching on the CIA, it is difficult to imagine that Bush was not included in any decision to release all or part of it. And for the CIA director to have participated in such a decision, he would have needed to be informed specifically about its contents.

BUSH'S MOTIVE

UNDERLYING THE DISPUTE over what Bush knew about Noriega's alleged narcotics trafficking, and when he knew it, is a deeper question. As CIA director, and later as vice-president, did George Bush—and for that matter "seven administrations," as Bush put it during the presidential debate—condone drug smuggling by the Panamanian general because he was a CIA informant? Last March, during the

Republican primaries, Senator Bob Dole implied as much at a news conference: "He [Bush] says he made all those decisions at the CIA. What were they? Was Noriega on the payroll when he was CIA director?"

Such a conclusion would be politically damaging to Bush, the titular head of the Reagan administration's antidrug effort, and a candidate who has claimed special expertise on a topic of the gravest concern to American voters (see sidebar). It would also cast doubt upon Bush's recent proposals for an expanded CIA role in the nation's narcotics interdiction program.

The CIA has long been involved in drug enforcement, although there is considerable disagreement as to whether its participation has been constructive. Recent reports of cocaine trafficking among the Nicaraguan contras, whose war has been the largest CIA project of the Reagan years, are hardly the first accusations that the agency has compromised drug enforcement for its own purposes. Former DEA officials tend to feel that long before the contra war, "the CIA as an organization was a problem and a detriment to the entire DEA program as it is now," as one of them put it. They point out that the CIA's approach to sources and methods, while perhaps useful for covert operations or intelligence collection, is inimi-

cal to law enforcement. Rather than gathering evidence that would be usable in court, for example, the agency would customarily destroy such evidence because it would reveal CIA involvement. Indeed, CIA participation in a drug case tends to lead to a court dismissal because the agency is so protective of its sources.

The former senior operations official at DEA said he knew personally of many cases, representing years of work by law enforcement officials, which were dismissed because they touched upon the CIA even tangentially. As CIA director, according to this same official, George Bush continued the policy set by his predecessor William Colby of increasing the agency's "involvement with drug matters." He says the agency "demanded all the DEA's case files and lists of informants. The CIA then recruited some DEA targets of investigation [suspected drug traffickers] as CIA assets—unknownst to the DEA. When the DEA arrested these drug traffickers, they used the CIA as protection and because of their CIA involvement they were released. . . . The CIA knew full well that their assets were drug traffickers." He also added that the CIA official who took DEA files on Latin American subjects was Theodore G. Shackley, the former head of the CIA's Western Hemisphere division, who was promoted in 1976 by Bush to the even more powerful post of assistant deputy director of operations—the covert action section.

The acerbic recollections of former drug enforcement officials may simply reflect a longtime rivalry between the CIA and the smaller, unglamorous, and underfunded DEA. But during Bush's tenure as director of central intelligence, the same basic point—that the CIA role in fighting drugs had been counterproductive—was emphasized in official reports by the DEA and the Justice Department.

When Bush took over the CIA, the agency and the DEA had just completed a three-year series of joint antidrug projects, using covert operations and assets like Noriega, known by the collective code name DEACON. It had been a complete failure. "With the possible exception of one case made in April 1974 [a 20-kilo cocaine bust]," said a DEA report on the project, "there have been no cases made from intelligence collected in DEACON ..."

But informants were paid and information was filed away by the man who ran DEACON, former CIA agent Lucien Conein. Conein had been brought into the DEA by Egil "Bud" Krogh, a White House aide later convicted in the Watergate scandal, to oversee the Nixon administration's proclaimed "war on drugs." Before he was through, Conein was running some 40 intelligence operations out of safe houses in Washington, but winning very few drug convictions. Conein was a strange character, whose eccentric ways became notorious after his CIA service in Vietnam under master spy Edward Lansdale. In June 1976, CIA director Bush could have picked up his morning *The Washington Post* and read quotes from Conein boasting of his "honorary" membership in the Union Corse—the Corsican crime syndicate responsible for a major share of heroin traffic worldwide. Conein also told the *Post* that he would hesitate before launching a DEA campaign against the Corsicans, or, for that matter, against the Miami Cubans formerly employed by the CIA, whose control of the drug trade in Florida was no longer a secret.

During Conein's stewardship of Project DEACON, according to DEA reports, there were 27 U.S. prosecutions of Latin American drug dealers, and two prosecutions of major American drug dealers, which had to be dropped. The reason was a "gentleman's agreement" under which the CIA could request that the DEA seek dismissal of any case against certain arrested traffickers if the prosecution would expose agency sources and techniques. The authors of the DEA report

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CONASON *Continued from page 32*

asserted that DEACON had failed in part due to "continuing misperceptions of the importance of the respective roles of Enforcement and Intelligence."

Another negative evaluation of the CIA's role in drug enforcement was produced in 1976 by the Justice Department. If Director Bush read it, he would have learned that "the CIA used electronic surveillance as a method of collecting narcotics intelligence overseas, and because CIA provided such information to ... DEA, several narcotics investigations and/or prosecutions had to be terminated." The same general conclusions were reached by the General Accounting Office in its report on CIA-DEA conflicts, which was completed just before Bush took over as CIA director. Not only was the CIA too protective of its sources and methods to allow them to surface in court during a narcotics trial, but the agency was legally prohibited from any law enforcement or foreign intelligence operations against U.S. citizens either at home or abroad.

In at least one well-known instance, the CIA insisted that an indictment against one of its own assets be dropped, simply so that the agency would not be publicly embarrassed. This was the matter of Puttaporn Khrankhruan, a Thai national recruited in 1969 by the CIA to

provide intelligence against narcotics traffickers in northern Thailand. Four years later, he was arrested in Chicago after selling 60 pounds of opium to three Americans who shipped it to the U.S. Thanks to "exhaustive effort" by the CIA's general counsel, however, there was no trial; as usual, protection of "sources" was the stated reason, although Puttaporn in fact had no knowledge of other CIA agents. Bush knew about this case because it was investigated by the House subcommittee on government information and individual rights while he served at the CIA, and he responded in writing to questions from Bella Abzug, the New York Democrat who chaired the subcommittee.

Again and again, from Laos in the '60s to Costa Rica in the '80s, the CIA has overlooked drug trafficking among its agents and clients. The most recent example is in Afghanistan, where opium fields and laboratories have been tolerated since 1985 to facilitate the CIA's supplying of arms to the anti-Soviet Afghan rebels. The DEA now says that one-third of the heroin reaching the United States comes from this region along the Pakistan border, and that the situation may grow worse when the Soviet troop withdrawal from Afghanistan is completed.

The lesson is that when secrecy has

reigned supreme, the actual interdiction of drugs and prosecution of smugglers have languished. But despite the wealth of evidence that the CIA has hindered drug-enforcement, George Bush remains an advocate of the agency's role, and if Bush is elected in November, Americans concerned about the narcotics plague can assume that that role will not diminish but grow. Campaigning on the drug issue last June, Bush said he favored greater use of "covert activities" and intelligence agencies. When a reporter asked what kind of covert activities he was talking about, the vice-president answered like a CIA veteran: "Use your imagination. If I tell you, they won't be covert." ■

*Research assistance:
Jill Weiner, Edward Borges.*

BUSH AS 'DRUG CZAR'

IN ADDITION TO HIS DUTIES as vice-president, George Bush has effectively assumed the role of "drug czar" for the Reagan administration since 1982. He has headed two special interagency groups devoted to narcotics interdiction: the South Florida Task Force (SFTF), and the National Narcotics Border Interdiction System (NNBIS). Although these outfits once provided copious material for official press releases, Bush has been quieter about them lately—so quiet that his running mate Dan Quayle didn't know about Bush's role when asked about it by a *Boston Globe* reporter in late August.

Bush's recent discretion about his antidrug activities may reflect the fact that in the opinion of many federal and local law enforcement officials, his record has been rather unimpressive. Reagan's own DEA administrator, Francis Mullen, has called NNBIS "an unnecessary appendage" and a "liability," a criticism echoed even more strongly by scores of Florida sheriffs and police chiefs in discussing SFTF. Despite frequent claims about major seizures of cocaine and marijuana by NNBIS and SFTF, the number of tons of cocaine smuggled into the United States has nearly tripled during the period since Bush took over, according to federal estimates. At congressional hearings on drug enforcement in January 1984, Mullen scathingly attacked the inflated claims of both SFTF and NNBIS, urging that both should be "phased down over the next several months," or they would "become this administration's Achilles heel for drug law enforcement." NNBIS was costing so much money, Mullen complained, that normal interdiction functions "such as cargo and border inspections, intelligence collection, and the deployment of fully maintained Coast Guard cutters, are suffering."

In July 1985, 18 months after the Bush operations were lambasted by Mullen, the General Accounting Office issued a report that was equally damning. The GAO reported that "the results of NNBIS's activities as a nationwide coordinator of drug interdictions have been minimal, and the improvements NNBIS has achieved have fallen far short of substantially reducing the flow of illegal drugs into the United States." But such warnings did little to deter Bush's press office. A year later, in August 1986, the vice-president joined Attorney General Ed Meese to announce the creation of Operation Alliance—a new effort to stop drug smuggling along the southwest border. Bush said the op-

eration would function "as part of the NNBIS system." But on December 17, 1987, Assistant Treasury Secretary Frank Keating told a congressional subcommittee that the Bush announcement was wrong: "I suspect that his eager speechwriter misspoke. NNBIS does not run Operation Alliance."

A continuing aspect of Bush's approach to drug enforcement has been a close liaison with the CIA, despite evidence that the agency's involvement tends to hinder real drug enforcement. The man who until his retirement actually ran both SFTF and NNBIS out of the vice-president's office was Admiral Daniel Murphy, who had worked for Bush in 1976 as deputy director of the CIA. One result was a stronger emphasis on CIA participation in drug enforcement beginning with the creation of SFTF and NNBIS in the early '80s. Murphy told Congress that with former CIA director William Casey's approval, "we used the CIA people not just for providing intelligence, but to help train law enforcement people."

Ironically, the CIA role has also coincided with continuing evidence of the agency's equivocal attitude toward drug smuggling. An October 1985 report by the U.S. Customs Department, for example, showed that an airline—a front company used by the CIA—"has been involved in narcotics and contraband smuggling." Convicted drug-money launderer Ramon Milian-Rodriguez has testified before a Senate committee that the Medellin cocaine cartel of Colombia provided \$10 million to the Nicaraguan contras, funneling the contribution through a former CIA agent in order to buy protection. Again, the CIA has been a mixed blessing at best. DEA administrator John Lawn has testified that the agency provided almost no useful intelligence; and assistant U.S. attorney Richard Gregorie, who worked on the Noriega case, has testified that the CIA is actually a barrier to prosecuting drug smugglers in Miami.

Bush was embarrassed by his former chief of staff again earlier this year, when the *Washington Post* reported that Admiral Murphy, now a private consultant, had held two clandestine meetings with General Noriega in 1987. Murphy insisted that his employer was a group of American investors organized by Tongsun Park, the shady South Korean businessman who was the focus of the Koreagate investigation. But among the top U.S. officials with whom Murphy discussed his Noriega meetings was Donald Gregg, the vice-president's National Security Adviser.

—J.C. & J.K.

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Panama prepares murder charges against Noriega

Release of ex-leader to Panama called near

By Eloy O. Aguilar
The Associated Press

PANAMA CITY, Panama — The Panamanian government is preparing murder charges against Gen. Manuel Antonio Noriega and will ask the Vatican Embassy to hand over the deposed dictator for trial, the attorney general said Sunday.

Negotiators were said to be near an agreement Sunday under which the Vatican Embassy would turn ousted military leader Gen. Manuel Antonio Noriega over to Panama, which would presumably send him on to the United States for trial.

"It seems an agreement is beginning to become possible, even proximate," Panama's Roman Catholic Archbishop Marcos McGrath told reporters Sunday.

Sources close to the embassy said, however, that any agreement still appeared to be a day or two away.

A source said the papal diplomatic mission was awaiting the arrival late Sunday of a Vatican representative to continue negotiations.



Noriega

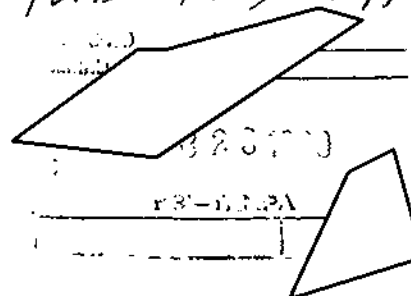
The murder charges stem from the deaths of 10 officers who were killed during an Oct. 3 coup attempt, Attorney General Rogelio Cruz said.

The Noriega government said the 10 were killed in a gunfight with loyalist soldiers, but Cruz and an investigator alleged they were tortured and executed after surrendering.

"We will ask whomever has Noriega to turn him over to Panama so he can be brought to trial," Cruz said at a news conference. He said the request would be made "Tuesday or before."

Please see Panama on page 8A

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Panama prepares murder charges

Continued from 1A

Asked if the government had enough evidence to implicate Noriega directly in the officers' deaths, Cruz said, "Yes, there is evidence."

In the western province of Chiriqui, bordering Costa Rica, U.S. Army troops headed for Panama City with a convoy of containers holding more than 60,000 weapons and ammunition seized from pro-Noriega forces. Army officials said it was only half of

what is thought to exist in the region.

Noriega has been at the Vatican Embassy since Dec. 24, four days after U.S. troops invaded Panama and installed a civilian government led by Guillermo Endara.

The Vatican granted Noriega temporary asylum, following an established church policy of granting refuge. It has said it cannot turn Noriega over to the United States, since its Panama embassy is accred-

ited only to deal with Panamanian authorities.

The Vatican has not ruled out giving Noriega to Panama and said Saturday it "did not intend to block the course of justice regarding a person accused of serious crimes." The filing of murder charges might reduce Latin American outrage if the Vatican does decide to release Noriega to Panama.

Charges also are being prepared in connection with the nullification of May 7 presidential elections.

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Noriega goes to court, disputes U.S. jurisdiction

By SUSAN BENESCH
 Times Latin America Correspondent

MIAMI — Impassive and still as a statue, Panama's former military ruler Manuel Antonio Noriega was arraigned on drug-trafficking charges in a U.S. courtroom Thursday.

Noriega's lawyers refused to recognize the jurisdiction of the court and challenged the government's right to try a former head of state. They described him as a political prisoner who was illegally seized by the U.S. military.

The general sat next to two of his lawyers, wearing a short-sleeve military shirt with four-star epaulets on his shoulders. He rested his chin in the crook of his thumb and forefinger, speaking or moving only when the judge spoke to him. He was not handcuffed while in the courtroom, and his famous pockmarked face remained expressionless.

He waived his right to a speedy trial, and his lawyers do not intend to seek an immediate bond hearing. That means Noriega will continue to be held in a federal facility.

Thursday in court was the first time he had been seen in public since the United States invaded Panama to overthrow him in the early morning hours of Dec. 20. The approximately 35 journalists and few spectators allowed into Courtroom No. 9 in the federal courthouse in Miami craned to see him. The first hearing in the case was orderly and calm.

The general, who led the Panamanian Defense Forces and had recently had himself declared his country's supreme ruler, eluded a huge U.S. manhunt for four days. On Christmas Eve, he went to the Vatican embassy in Panama City seeking refuge.

Noriega remained in the embassy for 10 days, while U.S. soldiers surrounded the building and blared rock music (Noriega likes opera, not rock) over loudspeakers. Finally, he surrendered and was almost immediate-

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AP photo
Former Panamanian dictator Manuel Antonio Noriega poses for a booking photograph made available by the U.S. attorney's office in Miami on Thursday.

The NORIEGA Years

1934

Noriega born to unwed maid in Panama City barrio.

1950s

Goes to military school in Lima, Peru. Returns to Panama, joins National Guard. Stationed under Capt. Omar Torrijos, and becomes one of his favorites.

1968

Promoted to first lieutenant, Noriega joins coup against civilian government. Torrijos comes to power. U.S. declines to act on behalf of government.

1969

Noriega helps Torrijos crush coup attempt; promoted to lieutenant colonel and chief of military intelligence.

1971

Noriega, at request of President Nixon, intervenes with Cuba to release crews of two American freighters.

1972

Reports of Noriega's involvement in drug trafficking anger Nixon administration, but it rejects plan to assassinate Noriega.

1975

Noriega's intelligence service arrests business people critical of government, exiles them to Ecuador.

1978

Noriega, in interview, acknowledges his fearsome reputation. "Mine is a position that doesn't attract sympathy. But somebody must do this job."

1981

Torrijos dies in plane crash. Gen. Dario Paredes heads three-man leadership, with Roberto Diaz Herrera as second in command and Noriega chief of staff.

1982

Paredes retires; Noriega succeeds him in deal in which Noriega is to support Paredes for president in 1984 elections, the first since 1967. Noriega names himself general and combines National Guard with army and navy to form Panamanian Defense Forces.

1984

Noriega reneges on deal with Paredes; his candidate for president, Nicolas Ardito Barletta, wins with help of fraud by military. U.S. Secretary of State George Shultz attends the inauguration.

Dr. Hugh Spadafora, former vice minister of health, charges Noriega is involved in drug trafficking.

1985

Spadafora found murdered and

decapitated after Noriega reportedly tells subordinates, "I want that guy's head."

Barletta, who is pressing an investigation into Spadafora's murder, is forced to resign by Noriega.

1986

John Lawn, head of U.S. Drug Enforcement Agency, commends Noriega "for the vigorous anti-drug policy that you have adopted."

New York Times reports Noriega received money from drug traffickers for landing rights in Panama and that Noriega worked as a double agent, cooperating with U.S. intelligence agencies, and receiving money for it, while selling military secrets to communist countries.

1987

Diaz Herrera accuses Noriega of drug activities, rigging 1984 election, murdering Spadafora and having a hand in the Torrijos plane crash. After capture by Noriega, Diaz Herrera recants charges.

Protest movement demands investigation into Diaz Herrera's allegations and return to democracy.

Street protests are brutally crushed. Noriega declares state of emergency, suspends constitution and drives opposition leaders into exile.

U.S. suspends military and economic aid. Noriega says: "When the Americans need something they picture it very nicely and say you're a hero, but when they don't need you anymore, they forget you."

1988

Feb. 4: Federal grand juries in Tampa and Miami indict Noriega on drug charges.

Feb. 25: President Eric Delvalle, who was put in place by Noriega, announces he has fired his patron. A day later he is ousted.

March 16: Coup organized by Defense Forces officers against Noriega fails.

1989

May 7-9: Noriega nullifies presidential election when it seems clear his candidate will lose to the opposition.

Oct. 3: Attempted coup by dissident officers fails; leaders are executed.

Dec. 19: Bush orders U.S. troops into Panama to seize Noriega.

Charges against Noriega

Manuel Antonio Noriega could receive up to 145 years in prison and more than \$1.1-million in fines if convicted of all charges returned by a Miami grand jury. The Miami indictment charges Noriega with 12 counts of conspiracy, racketeering, importing drugs and traveling to further the conspiracy.

Specifically, it accuses him of:

- Accepting a \$4.6-million bribe from Colombia's Medellin drug cartel to protect shipments of cocaine, launder money, supply drug laboratories and shield drug traffickers from the law.

- Allowing smugglers to use Panama as a way station for U.S.-bound cocaine.

- Utilizing his official positions both before and after he took power in 1983 to provide protection for international criminal narcotics traffickers.

- Arranging for the shipment of cocaine processing chemicals, including those seized by Panamanian police.

- Laundering cartel narcotics proceeds in Panamanian banks.

- Allowing cartel leaders to shift operations to Panama to escape a crackdown in Colombia after the assassination of that country's anti-drug minister of justice.

- Traveling to Havana so Cuban President Fidel Castro could mediate a dispute with the Medellin cartel after Panamanian troops seized a drug laboratory that Noriega had been paid to protect.

- A grand jury in Tampa also indicted Noriega on three counts of marijuana trafficking. That indictment alleges he attempted to import more than 1.4-million pounds of marijuana into the United States and accepted a \$1-million bribe from drug dealers for allowing them to smuggle drugs and launder cash in Panama.

Noriega's host worked 'miracle'

Compiled from Times wires

Monsignor Jose Sebastian Laboa had once been the Vatican's chief investigator of miracles.

As the man who played host to Manuel Antonio Noriega at the Vatican embassy in Panama City, he may have worked one of his own. He coaxed and perhaps coerced Noriega to leave the embassy and surrender.

No easy task, that. Church officials had to balance a rich history of offering sanctuary to outcasts against a worldly wish to get him out of their building. The strategy at times tried Noriega's soul.

According to the *Wall Street Journal* and other reports, here are some of the things that happened:

- Laboa put Noriega in a Spartan white room featuring nothing but a crucifix and a broken television. The only time Noriega is known to have socialized was New Year's Eve, when the monsignor served a pasta dinner. The former dictator spoke little except to recall that his cook also made excellent pasta.

- The monsignor turned up the heat on the former dictator by turning off his air conditioning in a climate that is neither cool nor dry.

- Noriega was allowed one beer when he sought refuge Christmas Eve, but the liquor cabinet was then emptied.

- The former general arrived with an Uzi submachine gun, which was promptly locked in the embassy safe.

- The embassy made the dirty laundry threat: "Do

Please see **MIRACLE** 10A

Miracle from 1A

you want nuns washing your underwear for the rest of your life?" Laboa asked Noriega.

■ Embassy personnel staged loud conversations outside his room. Intended for his hearing, one of the talks concerned how ousted dictators seldom live out their years in peace. The topic of one conversation: how at least one dictator had been blown up by a bazooka in his "retirement."

■ Laboa apparently told Noriega that his prospects for U.S. leniency would diminish quickly over time. Holding out would be pointless and painful.

■ The embassy threatened to move its operations to another location, according to a Western European diplomat who spoke to Laboa. This would have left Noriega in a building that no longer carried diplomatic immunity and thus open to arrest by Panamanians or seizure by U.S. forces.

■ Finally, the Monsignor told

Noriega that his sanctuary would end at noon Thursday.

Noriega decided that he was cornered, the archbishop of Panama said Thursday.

"Once the Vatican had made it quite clear that he was not a diplomatic nor political refugee — but rather a refugee with criminal charges against him — it was quite clear he could not go to a third country. Therefore, his choice was simply Panama or the States," Archbishop Marcos McGrath said on ABC's *Good Morning America*.

McGrath said huge anti-Noriega protests outside the embassy in Panama City had shattered Noriega's illusions. "I would imagine that he somewhat deceived himself into thinking that he was some kind of a new emperor in this part of the world," McGrath said.

In giving up, Noriega requested a few trappings of dignity: his army uniform, an American general to accept his surrender and his hands free as he left the embassy.

For his family, who had taken

refuge in the Cuban Embassy, he requested safe passage out of the country. He also asked to speak to his wife by telephone.

U.S. Defense Secretary Dick Cheney said no deals had been made with Noriega except a promise to give him a fair trial and assurances to him and the Vatican that he would not face the death penalty.

Noriega walked out of the embassy in uniform. Outside, demonstrators derided the former dictator, even ridiculing his pockmarked complexion. "Goodbye pineapple face," read one placard.

On board the U.S. plane that flew him to Florida, he exchanged his dress whites for a simple, standard one-piece flight suit.

Said Archbishop McGrath: "When he left the embassy (he was) undoubtedly a lonely man, a broken man."

— Information from Reuters, the Associated Press, the Baltimore Sun, the Washington Post and the Los Angeles Times was used in this report.

Noriega defense team has wide experience handling drug cases

By BARRY KLEIN
Times Staff Writer

MIAMI — The Miami attorneys representing Manuel Antonio Noriega are all prominent criminal defense lawyers with wide experience in drug cases and a penchant for flamboyant statements.

Frank Rubino, Ray Takiff and Steven Kollin have represented Noriega since he was indicted by federal prosecutors in Tampa and Miami almost two years ago. A fourth lawyer, Neil Sonnett, said last week he was leaving the defense team after a disagreement with the other lawyers over their willingness to represent Noriega before the media.

Takiff, for example, said last year that Noriega's personal files contain "political dynamite" so powerful it could derail George Bush's bid for the presidency.

Rubino threatened last week to use Noriega's trial as a forum for airing some of that "dynamite," most of which is believed to stem from the general's longtime connections to the CIA.

And Thursday, Kollin accused authorities of giving "cushy deals" to former drug dealers in their eagerness to prosecute Noriega.

"At one time they were the people whom the government was pounding on," Kollin said. "Now the government is saying that they are the truth tellers."

Noriega, who made his first court appearance Thursday, did not comment on the charges against him, which include accusations that he took millions of dollars in bribes to protect cocaine shipments and that he allowed members of the Medellin cocaine cartel to use Panama as a safe haven.

At the instruction of his lawyers, Noriega stood mute, refusing to enter a plea. If convicted on all counts, Noriega faces up to 145 years in prison and \$1.1-million in fines.

Noriega's lawyers have not said why the general selected them or how much they are being paid, but their experience in major drug trials undoubtedly was a factor.

Rubino, for example, represented one of a group of Miami police officers who robbed motorists and stole millions of dollars worth of drugs. Rubino reportedly has a picture of himself and Noriega hanging



Takiff is a defendant in many suits.



Rubino has a photo of Noriega.

inside his Coconut Grove home.

Takiff has represented a wide range of drug defendants, including accused South American money launderers and Colombian drug smugglers. He also has had considerable legal problems of his own.

The *Miami Herald* recently reported that Takiff is listed as a defendant in more than 50 civil suits. Most of the suits involve charges that Takiff failed to pay his bills. The list of creditors include American Express, Diners Club and Neiman-Marcus.

Kollin is Takiff's law partner. On Thursday, he was the most expansive of the three lawyers in explaining the legal strategy to be used in Noriega's defense.

The first step was taken during the afternoon court appearance, when the lawyers claimed the U.S. government has no legal jurisdiction over Noriega. They said he did not give up voluntarily, but instead was captured illegally during the invasion of a sovereign nation. The lawyers also argued that the indictment is politically motivated, and that as a former head of state, Noriega is immune to prosecution.

If those objections don't stand muster, Kollin said the defense team will argue that it is impossible for Noriega to get a fair trial because of the massive publicity that surrounded his indictment, subsequent coup attempts and the recent U.S. invasion of Panama.

"There has never been a case that I know of with the publicity that this case has been given already," Kollin said. "It will be very difficult, if not impossible, to find jurors who haven't heard about the case or made up their minds about it without hearing any evidence whatsoever."

Kollin said the defense team also plans to request numerous "sensitive government documents," that he said "will get to the truth of the matter."

U.S. officials have said repeatedly they are not worried about embarrassing secrets surfacing during the trial.

The defense team lost one of its members last week when Sonnett filed a five-page motion in U.S. District Court requesting that he be allowed off the case.

Sonnett, president of the National Association of Criminal Defense Lawyers, said in the motion that "there have been a series of conflicts" with the other lawyers, mostly over how much the defense team should talk to the press. Sonnett did not return several requests for comment Thursday.



Sonnett left the defense team.

Locker in Tampa held a key to Noriega

By BRUCE VIELMETTI
Times Staff Writer

TAMPA — When a Tampa athletic club worker removed some socks from a member's locker in 1981, he probably never thought that bit of house-keeping would ultimately help land deposed Panamanian dictator Manuel Antonio Noriega in a U.S. courtroom to face drug charges.

But that is how the case against Noriega began, said Hillsborough Sheriff's Sgt. James Russell. Russell was the detective on duty who answered the call

from the Corthouse, a racquetball club on North Dale Mabry Highway, almost nine years ago.

An employee had found cocaine in the locker of Albert Fortna, whom Russell later arrested. That sparked an investigation into local drug-smuggling operations that broadened to include federal agents.

That investigation led not only to Fortna's conviction, but to Leigh Bruce Ritch and Steven Michael Kalish, convicted of running of one of the largest drug-importation organizations in the country.

Kalish, now in prison, became a crucial government witness in the case against Noriega. Kalish allegedly bought the Panamanian Defense Forces a Bell 212 helicopter and a Boeing 727 jet, and has said he bribed Noriega with cash, jewelry and the use of Kalish's Lear jet.

In return, Kalish told a Senate subcommittee, Noriega provided him a diplomatic passport, a \$2-million line of credit from a Panamanian bank and military protection. Kalish called the general "a full-scale conspirator in my drug operation."

Russell, 47, continued to investigate smuggling for years after Fortna's arrest, and was the Hillsborough Sheriff's office representative to a drug task force that included several state, local and federal agencies.

When informants first linked Noriega to the smuggling organizations in late 1984, detectives were not surprised.

"At that point in the investigation, I think I'd have believed just about anything," Russell said.

Lawmakers urge aid be sent to Panama

Associated Press

WASHINGTON — Members of Congress hailed the surrender of Manuel Noriega, saying Thursday that the United States must quickly reduce its military presence in Panama and provide large-scale economic aid.

"The U.S. should now devote its energies to assisting President (Guillermo) Endara and the Panamanian people in establishing an effective, new democratic government," said Senate Majority Leader George Mitchell, D-Maine.

Mitchell also said American troops should "return home as soon as possible."

Sen. Sam Nunn, D-Ga., chairman of the Senate Armed Forces Committee who spent 36 hours in Panama on an inspection tour, agreed.

"We need the U.S. military presence not only to become less visible but less present," Nunn said Thursday on his return to Washington. He added that "hundreds of millions of dollars" in international aid will be needed to speed Panama's economic recovery.

Noriega surrendered to U.S. officials in Panama City on Wednesday night after taking refuge in the Vatican embassy. He faces drug-trafficking charges in the United States.

"I predict Noriega is going to spend the rest of his life behind bars," said Sen. Alfonse D'Amato, R-N.Y.

"Noriega will receive justice in this country, which is more than he gave the Panamanian people," said Senate Minority Leader Robert Dole, R-Kan.

Other members of Congress said Noriega's arrest represented a major victory in the war on drugs.

"All Americans rejoice that the United States armed forces have brought this indicted drug-running thug to justice," said Sen. Carl Levin, D-Mich.

Sen. John F. Kerry, D-Mass., who has conducted a series of hearings on international drug traffic, said the action against Noriega "has very significant impact," but warned that Noriega's arrest "could wind up being mere fluff in the drug war" unless there is emphasis on reducing U.S. demand for drugs.

A spokesman for former President Ronald Reagan said Reagan believes that the arrest of the former U.S. ally "will send a clear message to drug dealers around the world that their behavior will not be tolerated."

Early Thursday, a 32-member congressional delegation led by House Majority Leader Richard Gephardt, D-Mo., left on a previously planned two-day trip to Panama.

Gephardt said issues to be addressed include how long the military occupation will last, how much public and private aid is needed to rebuild the economy, how democratic and social institutions can be strengthened, and the status of the Panama Canal.

The Senate Foreign Relations Committee will begin extensive hearings soon on a substantial aid authorization for Panama to repair war damage, rejuvenate the economy and build democratic institutions, said Connecticut Democrat Christopher Dodd, the chairman.

Tampa indictment on hold for now

By BRUCE VIELMETTI
Times Staff Writer

TAMPA — Although Manuel Noriega faces a second indictment in Tampa, federal officials don't expect him to appear in court here any time soon.

"As far as we're concerned, the game plan is to run the entire course of the Miami case before we think about bringing him to Tampa," said Robert Genzman, U.S. Attorney for Florida's Middle District, which includes Tampa.

Genzman said Noriega was arrested on a warrant from the Miami indictment, and that the warrant from the Tampa indictment, unsealed the same day, will remain valid until needed.

If Noriega were acquitted in the Miami case, he would then be arrested to face the Tampa charges. "The authorities in Miami certainly are aware of our charges," Genzman said.

The three-count Tampa indictment accuses Noriega and Panamanian businessman Enrique Pretelt of conspiring to smuggle 1.4-million pounds of marijuana into the United States in 1983 and 1984, and of accepting more than \$1.2-million in bribes from Steven Michael Kalish and Leigh Bruce Ritch.

Kalish and Ritch ran a smuggling ring with Tampa connections that imported 500,000 pounds of marijuana and 3,000 pounds of cocaine between 1982 and 1985.

Ritch was convicted and sentenced to 30 years. Kalish pleaded guilty midway through his 1987 trial and later became a key government witness against Noriega.

Noriega faces up to 35 years in prison and \$265,000 in fines on the Tampa charges. The broader, more serious Miami charges, including a count of racketeering, carry possible life imprisonment and a \$1.1-million fine.

Kalish is the key, and perhaps only, government witness in the Tampa case. The government has other convicted smugglers as witnesses against Noriega on the Miami charges.

Official: U.S. prepared to discuss deal with Noriega

Compiled from Times wires

WASHINGTON — Federal prosecutors insisted Thursday that they would prevail in a trial of Manuel Antonio Noriega, but a senior administration official said the government would be prepared to discuss a negotiated settlement if the deposed Panamanian leader provided detailed information about international drug-trafficking activities.

"He could get our attention if he could describe drug-trafficking and money-laundering activities and the apprehension of people in Colombia who are participants," said the official, who asked not to be identified.

The official emphasized that the Bush administration had taken no steps toward a plea-bargain arrangement with Noriega. But the government's willingness to consider a settlement reflects the difficulties it faces in the case.

Prosecuting Noriega will open up a complex array of legal and national security issues that will almost certainly delay any trial for at least a year, if not longer, according to federal officials and lawyers familiar with the case.

Justice Department officials and other experts predicted Thursday that Noriega's defense team will be ultimately unable to derail the case and that the evidence against him may now be significantly stronger than it was when he was first indicted nearly two years ago.

In particular, teams of Drug Enforcement Administration (DEA) agents have begun reviewing volumes of documents — including financial records, phone books, and letters uncovered during the invasion of Panama — that U.S. officials believe will bolster the government's contention that Noriega turned his country into a "safe haven" for narcotics trafficking and money laundering starting in the early 1980s.

Justice Department spokesman David Runkel said Thursday that the government has a "very strong case" against Noriega.

"We would not have brought this case unless we thought we could win it," added Mark Schnapp, former chief of the criminal division of the U.S. attorney's office in Miami who played a key role in the Noriega investigation. "But this is the kind of case that tends to become stronger over time. And overnight, the government has gotten access to new information that is very significant."

"... This is the kind of case that tends to become stronger over time. And overnight, the government has gotten access to new information that is very significant."

— Mark Schnapp, former investigator

But before U.S. prosecutors can get that far they will need to pass a series of legal hurdles, including questions as to whether any new evidence from Panama, which was not seized under search warrants, would be legally admissible in a U.S. court. The Supreme Court is reviewing a case in which a federal appeals court threw out evidence seized by DEA agents in Mexico without a search warrant.

Another obvious problem for prosecutors is the intention, already announced by Noriega's lawyers, to demand access to all national security documents, including internal CIA files, that could force new disclosures about the CIA's longstanding relationship with Noriega dating to the early 1970s.

Runkel confirmed Thursday that in the past few days federal prosecutors from Miami have begun reviewing CIA files on Noriega at agency headquarters in Langley, Va.

But some legal experts said that the plans of Noriega's lawyers to use "graymail" — that is, threaten to expose national security secrets to defend their client — may be overblown. The issue was reviewed by senior Justice Department as recently as Dec. 15, five days before the invasion, and found to be "manageable," one administration official said Thursday.

In addition, Schnapp and others noted that Noriega's case differs significantly from that of former White House aide Oliver North, whose case was also delayed by wrangling over access to sensitive national security documents. In North's case, a principal defense was that his superiors, including President Reagan, specifically authorized his allegedly illegal activities.

But while CIA and other U.S. officials may have ignored evidence that Noriega was involved in drug trafficking, it would be "ridiculous" to believe they specifically approved it, said Schnapp. "It's a different type of issue," he said. "It might be potentially embarrassing to the United States ... but evidence that U.S. intelligence agencies knew he was involved would not be a defense."

However, lawyers familiar with the case said Thursday there were a host of other issues and defenses available to Noriega's lawyers. These include:

- The circumstances of Noriega's arrest. At his arraignment Thursday, Noriega described himself as a "political prisoner" who was illegally seized by the U.S. military. The Center for Constitutional Rights, a New York-based liberal advocacy group, contended Thursday that Noriega's apprehension was a "blatant violation of international laws." However, most legal experts say that, short of torture, U.S. courts have shown little interest in how a fugitive from U.S. justice is brought to this country.

■ Pretrial publicity. Sonnett said Thursday it will be difficult to find a jury that could fairly try Noriega given the passions whipped up against him by U.S. officials. But Runkel cited such cases as North's Iran-Contra trial and the Watergate defendants as precedents showing that Noriega could be given a fair trial.

■ Extensive government reliance on convicted drug dealers. Steven Kollin, one of Noriega's lawyers, criticized the evidence against his client Wednesday night on the grounds that "the case is made up mostly of drug dealers who were given very cushy deals."

Federal officials have acknowledged that this is to some degree true, but inevitable.

— Information from the New York Times and Washington Post was used in this report.

(Mount Clipping in Space Below)

Ex-partner may tell on Noriega

Faced with 35 years, he could offer deal

From Herald Staff and Wire Reports

TAMPA — A Panamanian business partner of Gen. Manuel A. Noriega, charged with him in a conspiracy and attempt to ship 1.4 million pounds of Colombian marijuana through Panama to the United States, has been shipped to the United States himself — as a prisoner of the FBI and possibly as a witness against Noriega.

Enrique "Kiki" Pretelt surrendered Wednesday to agents in Panama City and was flown to Tampa, where he and Noriega were indicted by a federal grand jury in February 1988. Noriega is in jail at Miami, awaiting trial in a bigger case involving cocaine trafficking and the laundering of drug money.

Pretelt, 47, ran a chain of duty-free shops in Panama and was involved in numerous other enterprises there. He has been described in U.S. Senate testimony as a bribery bagman for Noriega, and the former military dictator's civilian liaison with drug smugglers and their money managers.

The prisoner was taken Thursday to U.S. District Court, where he pleaded not guilty. Magistrate Thomas G. Wilson ordered him locked up until next Thursday, when a bond hearing will be conducted.

The government could lock up Pretelt for up to 35 years if he is convicted on all three counts of the Tampa indictment.

More likely, Pretelt will make a deal to become a witness against Noriega, The Tampa Tribune reported.

(Indicate page, name of newspaper, city and state.)

Page 2B

The Miami Herald

Miami, Fl.

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But Pretelt's lawyer, George Tra-
gos said Thursday there would be no
deal with prosecutors and "if we
have to evoke our Fifth Amendment
right [to not testify], we will."

Tentatively, the Tampa trial of
Noriega and Pretelt has been sched-
uled to start in April before Judge
George C. Carr. Like the March 5
date assigned Noriega's trial in Mi-
ami, that is just an administrative
presumption, subject to change.

The government already has se-
cured as its prime witness in Tampa
a local smuggler, Steven Kalish,
who was caught in 1984 and admit-
ted the 1.4 million pounds of mari-
juana were his.

Kalish's testimony to the federal

grand jury is secret, but in January
1988 he gave a U.S. Senate subcom-
mittee extensive testimony, which
is public, about how he got involved
with Noriega.

Kalish said he had been running

marijuana money through the Cay-
man Islands, a Caribbean tax haven,
but by 1983 his operation was gen-
erating more cash than banks there
could handle. The Cayman govern-
ment also was beginning to cooper-

ate with the U.S. by changing its
bank secrecy laws, so Kalish — who
already had \$35 million in cash gath-
ering dust in Tampa and anticipated
receiving \$300 million more — in-
vestigated opportunities in Panama.



United Press International

DAY IN COURT: Handcuffed Panamanian businessman Enrique Pretelt is led to federal court in Tampa.

(Mount Clipping in Space Below)

Noriega Aide Agrees to Help Prosecution

By RONALD J. OSTROW
and DOUGLAS FRANTZ
TIMES STAFF WRITERS

TAMPA, Fla.—The government's drive to convict Manuel A. Noriega received a significant boost Thursday as a Noriega confidant and co-defendant surrendered and secretly agreed to cooperate with federal investigators, government sources disclosed.

Panamanian businessman Enrique A. Pretelt, 47, who surrendered to the FBI, is the sole co-defendant with the ousted Panamanian strongman in a marijuana smuggling and conspiracy indictment returned in Tampa in 1988. It involves an alleged plan to smuggle more than 1 million pounds of marijuana and to launder \$100

Please see NORIEGA, A16

(Indicate page, name of newspaper, city and state.)
Page 1A

Los Angeles Times

Los Angeles, Ca.

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NORIEGA: Cohort to Help Prosecution

Continued from A1
million.

The Tampa indictment had been largely overshadowed by the more complicated drug trafficking, money laundering and racketeering charges against Noriega and 15 co-defendants in Miami.

But government officials, excited over Pretelt's surrender, now view the Tampa case as a fallback in the event the Miami prosecution falters.

The extent of Pretelt's cooperation could not be determined Thursday. But an investigative source noted that Pretelt, who goes by the nickname Kiki, was "one of the closest associates Noriega had and was there for an awful lot of what happened."

Pretelt, at a brief arraignment here before U.S. Magistrate Thomas G. Wilson, pleaded not guilty. A bail hearing was set for Monday.

Pretelt's lawyer, George Tragos of nearby Clearwater, Fla., sidestepped repeated questions about whether his client was cooperating with the government. "We are pleading not guilty, and we are going to trial," Tragos said.

"He is a respectable businessman," he said of his client, who wore a wrinkled but dapper double-breasted gray suit and demonstrated a fluency in English.

"People like that can't live on the run," said Tragos. "He has no prior criminal charges against him."

Security was heavy at the hearing in a small room on the second floor of the U.S. courthouse in Tampa, with about six deputy U.S. marshals inside the room.

"We asked for the extra security to make sure that he was properly protected," Tragos said. "There's always the potential for added problems in a case with this kind of publicity."

Tragos said he was retained to represent Pretelt on Dec. 24 and began negotiating a voluntary surrender with the FBI.

But Robert W. Genzman, U.S. attorney for Florida's middle district, and Allen H. McCreight, special agent in charge of the FBI's Tampa office, said a two-week "intensive search" by the FBI and Panamanian authorities led to Pretelt's surrender Wednesday.

A defense lawyer involved in a case that now "there is additional peo-

O'Kane also accused DEA agents of questioning Miranda in his jail cell Thursday without proper authorization. Federal law prohibits the interrogation of defendants without giving prior notice to their lawyers. He said the incident dramatized the government's win-at-all-costs attitude toward the Noriega case.

"There is just this air of lawlessness," O'Kane said. "Why are they not following the rules?"

He said he filed a motion Thursday to suppress any information obtained from the questioning and to prohibit such incidents in the future.

A spokesman for the DEA in Miami refused to comment on either allegation. However, a U.S. government source in Miami scoffed at O'Kane's charge of destruction of documents.

"I don't think at this point he's in a position to know what documents are where or what they mean," the source said. A spokesman at DEA headquarters in Arlington, Va., declined to comment.

Ostrrow reported from Washington and Frantz reported from Tampa. Staff writer Norman Kempster, in Miami, contributed to this story.

(Mount Clipping in Space Below)

U.S. Prosecution of Noriega: Signs of Trouble at the Start

By RICHARD L. BERKE
with DAVID JOHNSTON

Special to The New York Times

MIAMI, Jan. 22 — The Federal prosecution of Gen. Manuel Antonio Noriega has been plagued by a lack of preparedness, sniping among current and former prosecutors, and early missteps in what many officials believe was a weak case from the start.

Although the case is the most visible Federal prosecution in years and one in which President Bush is counting on a conviction, several Government officials, who asked that their names not be used, said it has already become a public embarrassment to the Administration.

Some prosecutors here and Justice Department officials in Washington acknowledge that they were caught off guard by the invasion of Panama and the sudden ouster of the Panamanian leader.

Feud Among Lawyers

When General Noriega was brought to Miami on narcotics trafficking charges, the makeup of the prosecution team was unsettled. Richard D. Gregorie and other lawyers who drafted the original indictment had left the Government and were engaged in a bitter and often public feud with Dexter Lehtinen, the United States Attorney now responsible for trying the case.

The Justice Department concedes that there were problems initially, but insists that a capable prosecution team is now in place. "The Attorney General was aware there was a lot of back and forth going on in Miami," said David Runkel, the department spokesman. "I think that the U.S. Attorney announced some changes a week ago which we think put together an incredibly effective prosecution team." He added, "It is clear they are going to be ready to handle this case when push comes to shove."

But the feud between current and former prosecutors in Miami, which began as jockeying for the top job in

Continued on Page A9, Column 1

(Indicate page, name of newspaper, city and state.)

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New York Times, NY

Date: 1/22/90

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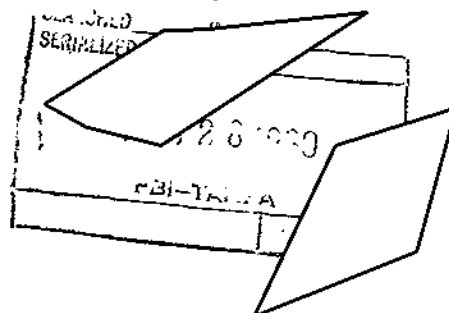
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Noriega Prosecutors' Stumbling Start

the prosecutor's office, continues to fester. And dozens of current and former Federal law-enforcement authorities in the case, defense lawyers and other Administration officials cited several examples they said showed that the prosecution's faltering start could have damaging repercussions throughout the Noriega case:

¶The prosecution did not complete its legal team until a week ago — 10 days after General Noriega was brought to Miami and nearly two years after he was indicted here.

¶The United States Attorney, Mr. Lehtinen, said at a news conference that a co-defendant, Luis del Cid, was "importing cocaine into our country and destroying our children," unusually strong words that may damage Mr. del Cid's chances for a fair trial and, more important to the Noriega prosecution, could undermine Mr. del Cid's credibility if, as prosecutors hope, he becomes a witness against General Noriega.

¶In court, the deputy United States Attorney referred to Mr. del Cid as former head of intelligence for the Panamanian military, instead of as the former head of an intelligence squad. In addition to showing a lack of preparation, it led Mr. del Cid's lawyer, Samuel I. Burstyn, to say the prosecution may be after the wrong man.

¶Prosecutors released a Noriega mug shot to newspapers and television stations. Defense lawyers and even some people who worked on the prosecution said the prominent display of the photo would make it easier for the defense to argue that the pool of potential jurors is tainted.

¶Several officials and Federal agencies are bickering over issues like which agency is responsible for handling mounds of documents seized in Panama, and some officials have questioned whether the Government was careful enough in recording the origins and custody of the documents, saying they may not even be accepted as evidence.

Questions About Lehtinen

The Government was further embarrassed in the last few days by disclosures about Mr. Lehtinen, who claims "ultimate responsibility" in the case, in which General Noriega is accused of receiving more than \$4.6 million to protect cocaine shipments from Medellin, Colombia, through Panama to the United States, among other charges.

Mr. Lehtinen's own unclear status is at the root of much of the early uncertainty and confusion in the prosecution. He was named to the post of United States Attorney in June 1988 by Edwin Meese 3d, President Ronald Reagan's Attorney General. But Mr. Lehtinen has never been formally nominated for the job by a President. A lawyer for a Noriega co-defendant has argued that Mr. Lehtinen therefore lacks the legal authority to prosecute the charges.

Speculation about the lengthy waiting period has focused attention on Mr. Lehtinen's personal life, and Administration officials have expressed fears that a confirmation proceeding could be embarrassing.



The New York Times/Susan Greenwood

Richard D. Gregorie, who directed grand jury investigation that led to indictment, left the U.S. Attorney's office last year.

seat occupied for decades by a Democrat, the late Claude Pepper — a seat the Republicans would like to keep.

Perhaps reacting to the publicity about Mr. Lehtinen, the Justice Department has gone to extremes to control the case from Washington and in ordering officials here not to discuss it with reporters. At one point, an aide to Mr. Lehtinen was afraid to even release a copy of the prosecutor's résumé to a reporter.

Richard Gregorie, who directed the grand jury investigation that led to the February 1988 indictment of General Noriega, left the United States Attorney's office a year ago, as did other lawyers closely involved in the case.

Announcement of Team

Initially, a spokeswoman for Mr. Lehtinen said he would be the lead prosecutor, and assisted by a deputy, Myles H. Malman.

But at a news conference a week ago, in his only comments about the case in weeks, Mr. Lehtinen announced that he would not personally try the case and insisted that no one from his office ever said he would. The chief prosecutor, he said, would be Michael (Pat) Sullivan, one of his deputies, who would be assisted by Mr. Malman and William C. Bryson, the deputy United States Solicitor General, a specialist in classified documents.

Mr. Lehtinen told reporters that the prosecution team has "worked on that case for more than six months." But people close to the office say that while both Mr. Sullivan and Mr. Malman are respected prosecutors and may have been technically assigned to the case, Mr. Sullivan had not been actively involved in it and Mr. Malman did not take on the case until last fall.

Mr. Gregorie, who is now in private practice, and other former prosecutors on the case said no one from their former office has approached them for their insights or information. Such consultations are common between former and current prosecutors.

"Nobody has talked to me from the Department of Justice," Mr. Gregorie said Thursday. "I dealt with these witnesses for a year. In fact, they've been talking to me even though I left the Government. I got calls today from some of them." He added that he could suggest "a number of other witnesses that they might at least try to talk to or go look for."

Indictment Questioned

Mr. Gregorie, who was passed over for Mr. Lehtinen's job, has drawn criticism for publicly complaining about Federal efforts to fight drugs after he left the office. Whatever the reason, some officials in Mr. Lehtinen's office are so eager to undercut Mr. Gregorie that they have raised questions about the case itself. One aide to Mr. Lehtinen bitterly said the indictment drafted under Mr. Gregorie was so inadequate that it looked like it had been written by someone in Law School 101.

named, conceded, "It's been a public relations nightmare."

And the unfolding revelations about Mr. Lehtinen's private life are not making it any easier. He was divorced from his first wife, who now goes by the name Donna Stevenson. In a 1983 petition she accused him of conducting an extramarital affair while a member of the Florida Legislature.

In the past few days, Ms. Stevenson has appeared on the television news here, recounting instances in which she says Mr. Lehtinen grew violent, including one in which he hurled a television across a room and bashed down doors before throwing her aside, but not striking her. Delores Zell, Mr. Lehtinen's former legislative aide, has also appeared on television, saying he had been violent toward her while they were having an affair. In the divorce case, Mr. Lehtinen denied having an affair; he has also denied allegations of violence.

Political Complications

Mr. Lehtinen has refused several requests for interviews over the last three weeks, and a spokeswoman said he had told her he was afraid that if he did talk he might make things worse. The lead prosecutors in the case also refuse to comment.

Complicating the matter politically is that Mr. Lehtinen is now married to Representative Ileana Ros-Lehtinen, who last year won the Congressional

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The Washington Post



Dealers, Guns and Money

THE CASE AGAINST MANUEL NORIEGA BY JOHN DINGES

Robert Day on the Soul of the Eastern Shore

THE WASHINGTON POST MAGAZINE

THE CASE AGAINST NORIEGA

THERE ARE A LOT OF REASONS THE FORMER DICTATOR OF PANAMA IS NOW A U.S. PRISONER AWAITING TRIAL. AMONG THE MAIN ONES ARE THE AMAZING STORIES DRUG SMUGGLERS STEVE KALISH AND FLOYD CARLTON HAVE TO TELL

In late December, the United States invaded Panama and deposed Gen. Manuel Antonio Noriega—a longtime U.S. ally and intelligence source, and one of the most powerful men in Central America. Noriega had become too expensive a friend to keep. After years of inaction despite mounting evidence of the general's involvement in drug and arms smuggling, the United States now insisted that Noriega stand trial on two indictments for drug trafficking, one in Tampa and the other, more extensive, in Miami. Both were issued on February 4, 1988.

The indictments were the culmination of years of investigations by the U.S. attorney's office in Miami, several key arrests by the Drug Enforcement Administration and considerable debate in Washington. Now that Noriega is in custody, a tense legal drama is anticipated.

The story behind the indictments offers a dramatic look at the secrets of Noriega's power and wealth and the extent of corruption during his reign in Panama. This is part of that story.

STEVEN MICHAEL KALISH HAD A PROBLEM. HE HAD STARTED selling grass at Bellaire High School in a Houston suburb in 1970. By 1983, he had a Ferrari, a BMW, a Chevy Blazer and more money than he could handle. That summer he and his partners organized the largest marijuana-smuggling operation of their careers. An oceangoing tug named the Bulldog pushed a refrigerated barge loaded with 280,000 pounds of marijuana from Colombia on a circuitous route that ended in Louisiana. That operation netted \$15 million to \$20 million; smaller deals that summer brought in an additional \$15 million. The money began stacking up in Kalish's lakeside house on St. Charlotte Drive in Tampa.

"The currency filled entire rooms," Kalish testified four years later. "We used money-counting machines, but we could not keep up with the volume." Banks in the Cayman Islands that Kalish's organ-

BY JOHN DINGES

ization had been using to launder cash had told them they had reached the limit.

Kalish needed another outlet to launder his money. He also needed a safer base of operations than Tampa because he was a fugitive from a smuggling conviction in Texas. Over drinks one day in Fort Lauderdale, the brother-in-law of his Colombian marijuana supplier introduced him to a Cuban American named George Martinez, who said he knew a guy in Panama named Cesar Rodriguez who was capable of handling large amounts of cash. Kalish and Martinez flew down to Panama in Kalish's Learjet.

Cesar Rodriguez leased three floors of the Bank of Boston building in Panama City. In the 20th-floor penthouse, he ran an exclusive restaurant, the Tower Club, and below it, a spa and members-only club for Panamanian Defense Force (PDF) officers and politicians.

Rodriguez offered Kalish a complete package of services: contacts with discreet bankers, shell corporations to hide his paper trail, investment opportunities, even an armored car to pick up his money at the airport and deliver it to the banks. Kalish had brought \$2.4 million with him in cash. He said he was interested in bringing \$100 million more to Panama. Rodriguez immediately arranged for Kalish to deposit his cash in two banks, Banaico and BCCI.

Kalish was impressed. At dinner that night, Rodriguez brought his partner, Enrique Pretelt, known to friends as Kiki. They told Kalish that they would take him to meet their silent partner, Gen. Tony Noriega, and gave Kalish a quick explanation of the power of the military in Panama.

"They run the country, they control everything," Rodriguez said. "This man is the boss. Anything we want to do in Panama we can do because we have his approval. He's our partner in the money-laundering operation you are currently involved in. And all our future business will involve him. You need to meet him, talk to him; you need to give him a feel for what kind of person you are. And you should give him a gift."

"What kind of gift?"

"You give him some money, and make it an amount that you feel reflects the seriousness of your intentions to do business in Panama."

The next day, Rodriguez picked up Kalish and Martinez at their hotel and drove to Noriega's home. Kiki Pretelt was already there. Noriega was sitting behind a large wooden desk in his office. Kalish noticed the display cases for Noriega's collections—antique guns in one, some of them gold plated, and in another, dozens of figurines of frogs and toads.

Noriega asked Kalish, who was using the name "Frank Brown," what kind of business he had in mind while he was in Panama. Kalish answered in English, with Rodriguez

translating. "I said I wanted to live in Panama. I wanted to bank and invest my monies in Panama. I wanted a place where I could feel comfortable without the U.S. authorities breathing down my neck. I wanted a place where I didn't have to worry about the communists seizing control. And it seemed to me that Panama presented me with all these opportunities," Kalish said in describing the conversation later. There was no mention of drugs, just money.

Noriega said he would be happy to have Kalish do business in Panama. He said his friends Kiki and Cesar would see to his needs, but if there were any problems to feel free to get in touch with him personally.

Kalish had brought his new silver Haliburton briefcase—elegantly thin and virtually indestructible, made of light aircraft aluminum. Inside, Kalish had placed \$300,000 in cash. As they talked, he moved the briefcase from his lap to the floor beside his chair. When he got up to shake hands, he left the briefcase.

"Brown!" Noriega called after him. "You're leaving your briefcase."

"No, it's *para ti*—it's for you," Kalish said.

Noriega smiled.

A few hours later, Noriega sent word that Kalish and Martinez were invited to a party that night. When they got there, Noriega was already quite drunk and greeted them as if they were old friends.

"Brown," Noriega said, "anything you want in Panama, you just ask."



MARIJUANA SMUGGLER STEVEN KALISH WAS THE CHIEF WITNESS IN HEARINGS ON DRUG TRAFFICKING AND MONEY LAUNDERING IN PANAMA HELD IN JANUARY 1988 BY THE SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS.

NOTHING ABOUT STEVEN Kalish's or Cesar Rodriguez's drug-related activities was known publicly at the time, but in 1983 Panama's increasingly feisty opposition press had begun to raise new questions about alleged National Guard complicity with drug trafficking and money laundering.

The charges lacked specifics, and none of them mentioned Noriega, but the U.S. ambassador to Panama at the time, Everett "Ted" Briggs,

took the accounts seriously enough to look into them. "What do we really know about this man?" Briggs asked members of his embassy team soon after Noriega became commander of the National Guard in 1983. "I want every one of you to scour your files. I want specifics, not vague charges."

Meanwhile, it was decided that Noriega was someone to work with. The first step would be a red-carpet visit to the United States.

On Monday, November 14, 1983, Noriega's entourage took off for Washington. Noriega's U.S. escorts were military attache Jerry Walker and military group commander Charles "Chico" Stone. Jewelry store and nightclub owner Kiki Pretelt also came along.

In Washington, the Panamanians were taken to suites at the Watergate Hotel overlooking the Potomac—all expenses paid by the U.S. government. At the State Depart-

'DEAL DIRECTLY WITH ME ON THIS,' NORIEGA TOLD STEVEN KALISH. 'WHEN TWO PEOPLE HAVE A SECRET, THERE'S NOTHING TO WORRY ABOUT. WHEN SOMEONE ELSE KNOWS, THE WHOLE WORLD KNOWS.'

ment and the National Security Council, Noriega's meetings were intended not for the discussion of substantive policy programs but rather to raise Noriega's profile inside the Washington bureaucracy.

Almost two whole days, however, were set aside for the institutions that already had long-standing working relations with Noriega. At CIA headquarters in Langley, Noriega was swept off for a meeting with CIA Director William Casey. Back in Panama, Noriega would later boast about his four-hour lunch with Casey.

The three days in Washington were not all work. Every evening the Americans and Panamanians got together for drinks in one of the Watergate suites. Noriega was most often in the company of a tall, impressively beautiful Panamanian woman who had flown in. Kiki Pretelt attended none of the official meetings but always joined the group in the evening. On Tuesday, Cesar Rodriguez showed up in the Learjet belonging to marijuana smuggler Steven Kalish. The plane was for Noriega's use during his U.S. travels. Rodriguez and Pretelt were known to the Americans only as Noriega's friends and business associates.

High-spirited and confident, Noriega talked every day by phone with his wife, Felicidad, while lavishing attention on his mistress. He told military attache Walker and military group commander Stone he was traveling on to Las Vegas for a few days of fun and asked if they would like to come along-as-his-guests. Walker had a commitment, but Chico Stone was eager to go—Noriega said his wife would meet him in Las Vegas, and Stone's wife could come too. Stone cleared the junket with Ambassador Briggs, who saw it as an opportunity not to be missed for Stone to establish a useful friendship with Noriega.

Back in Panama, the U.S. Embassy was gearing up for another high-level meeting with Noriega. Vice President George Bush planned to visit Panama in early December after attending the inauguration of Argentina's new democratic president, Raul Alfonsin.

The priority item on Bush's agenda was not drugs, but rather America's proinsurgency campaign in Nicaragua and counterinsurgency efforts in El Salvador. However, Panama had, at that time, been in the spotlight as a money-laundering haven, and Ambassador Briggs had already asked his team to come up with its best intelligence on drug and corruption allegations against Noriega. He had their conclusions in the briefing papers when Bush arrived in Panama on December 11.

"We had a couple of meetings in which we tried to lay on the table everything we knew about Noriega—the bad

things," an embassy officer said. "At the meetings I attended—and the ambassador met separately with the CIA people—there was no information in the embassy or at U.S. Southern Command that could directly link Noriega to drugs. And that's what I presume the ambassador told Vice President Bush." On the contrary, Noriega and his antinarcotics units were seen as allies in the war on drugs. Noriega personally had met with the DEA officer in Panama, Jim Bramble, to facilitate U.S. Coast Guard boardings of Panamanian registry ships suspected of carrying drugs.

Bush, on Briggs's recommendation, directed his attention to President Ricardo de la Espriella during the visit rather than to Noriega, though he knew the general was the real power in Panama. Most of the talk was about Central America, but toward the end of the visit Bush introduced concern over reports of money laundering in Panama. According to several accounts, Noriega gave an impeccably understated performance—sitting alertly on the edge of his chair but saying almost nothing, deferring to President de la Espriella.

Noriega's new contacts with his U.S. allies had given him just what he needed—the image of a flexible team player. Yet, establishing trust was not as important as establishing usefulness. Over the next several years he would do enough to keep his North American friends happy—and just a little more.

SINCE ARRIVING THE PREVIOUS SEPTEMBER, STEVEN Kalish had found a paradise in Panama. Cesar Rodriguez had arranged for him to obtain three Panamanian passports, one of them diplomatic, in the name of "Frank Brown." The price was \$25,000 to \$60,000 apiece. Kalish immediately began to ship cash from his Tampa home to Panama, \$2 million or \$3 million at a time. The money was deposited in BCCI, the bank that handled both Cesar Rodriguez's and Noriega's personal accounts.

Kalish took advantage of Panama's no-questions-asked laws to set up a front corporation he called Exclusive Services of Panama. He paid \$400,000 for a 25 percent interest in Servicios Turisticos, S.A., a front company owned jointly by Pretelt, Rodriguez and Noriega. The company had no assets, so Kalish understood that his payment was a direct payoff to his three partners. But the arrangement also allowed him to use his money for lucrative "investments" to generate what amounted to kickbacks on purchases of equipment for the Panamanian Defense Force.

The system was complex and entirely dependent upon



the connection with Noriega. Kalish would use one of his companies to buy aircraft parts, putting up the cash for the purchase. He would sell the items to Servicios Turísticos with a large markup. Servicios Turísticos would, in turn, sell the parts to the Panamanian Air Force for a still higher price and be paid by the National Bank of Panama, which handled the government treasury accounts. The profits on the transactions, which only took a few days to complete, usually amounted to about 30 percent. The profits to Servicios Turísticos were divided equally among the four partners, including Noriega.

One of the largest deals involved the purchase of a Boeing 727-100 for \$2.2 million—the plane Noriega outfitted as the government's Air Force One equivalent. Kalish made the \$500,000 down payment and arranged the financing. In a second large deal, he paid \$1,650,000 for a Bell executive helicopter for Noriega's use. He billed the PDF \$1,950,000 and received an irrevocable letter of credit for that amount as guarantee of monthly payments with interest. Four years later, in jail, Kalish was still receiving checks of \$36,000 from the PDF.

By Christmas 1983, Kalish had bought a \$500,000 house two blocks from Noriega's and was throwing lavish parties. Kalish had a girlfriend in the United States, whom he would later marry, but he was always surrounded by women in Panama. Not only did he throw his money around, but he was young, tall and good-looking.

Noriega, who was none of those things except rich, delighted in joking with Kalish and Rodriguez about their women. He wanted every detail. Everyone agreed that Rodriguez took the prize for having the most beautiful woman. She had just dropped out of the Indiana University, where she had majored in public relations. She had long blond hair, a perfect body and an unaffected smile that was as friendly as it was sensual. Rodriguez was so smitten with her that he was flying her back and forth from Indiana every other weekend.

But Rodriguez also knew who was boss. When Noriega went beyond lascivious jokes and said he wanted Rodriguez to fix him up with his girlfriend, Rodriguez grumbled but complied. He flew her down and got her a suite at the Caesar Park Marriott Hotel on the bay. Noriega spent the weekend with her. At the end, he left her a gift—\$10,000 in cash.

In the midst of his glittery life in Panama City, it was sometimes difficult for Cesar Rodriguez to remember that only a few years before, he and his partner, Floyd Carlton, had just been two bush pilots making an uneven living flying the Pipers and Cessnas owned by businessman and National Guard officers. Noriega had recruited them in 1978 to run guns to the Sandinistas—and that had been the beginning of their prosperity. Under Noriega's aegis, they had started

a successful airline charter company, Aviones de Panama, operating out of a large hangar at the military's Paitilla airport on the bay in Panama City.

Sometime early in 1982, a well-dressed Colombian named Francisco Chavez Hill began to charter planes from Rodriguez and Carlton to fly to Medellin, headquarters of a major Colombian drug cartel. He threw his money around, and he bragged to Carlton that he worked "for the most powerful people in Colombia." In June, Chavez offered to take Carlton to meet his people. He said he had noticed that Carlton and Rodriguez "enjoyed a certain type of immunity" in Panama.

Chavez and Carlton flew together to Medellin, and at the Intercontinental Hotel, against a magnificent mountain backdrop, Carlton was introduced to Pablo Escobar and Gustavo Gaviria, two members of the Medellin cartel.

Chavez had given Carlton the impression the business proposal would involve shipping money to be laundered in Panama, but Escobar said he needed Carlton to fly cocaine.

Carlton balked.

"Go ahead and ask Noriega," Escobar said.

Carlton had carefully avoided any reference to the source of his immunity in Panama. But Escobar made light of Carlton's discretion, saying he had dealt with Noriega before. When Carlton told Noriega about the cartel's proposal, Noriega was angry that Carlton had not consulted him before making the trip. "Find out what the deal

really consists of, and then you can talk to me about it and see if we can go ahead with it," Noriega said. "But as usual, I don't know anything about it. Don't use Panamanian aircraft."

Carlton returned to Medellin with a mandate to do business. Escobar and Gaviria told Carlton what the payoff would be—\$30,000 per flight to Noriega, \$400 per kilo to Carlton. The planned cargo was 400 kilos of pure cocaine.

"Do they think I am starving?" Noriega asked. "Tell them no less than \$100,000 a trip. And in advance."

The first flight took off sometime in November 1982. Carlton landed at a strip known as Calzada Larga in Panama. But the cartel still didn't trust Noriega. Carlton discovered they had sent him with a dummy load—just in case Noriega had set a trap.

There was no trap, and Escobar paid up—although not in advance. A few days after the plane deposited its dummy cargo safely, a cartel bagman arrived at Carlton's office with \$220,000. Carlton kept \$120,000 and Noriega's aide, Capt. Luis del Cid, picked up Noriega's \$100,000.

The next flight took place less than a month later. Carlton flew 400 kilos—this time he was sure it was cocaine—from Escobar's ranch, near Medellin, to Panama. Noriega's payment—he had raised the price to \$150,000—was delivered in advance to Explonsa, the company Noriega used in his arms deals. Carlton's pay remained the same.



HUGO SPADAFORA AND NORIEGA HELPED SUPPLY ARMS TO THE SANDINISTA REBELS IN 1978. WHEN NORIEGA TRIED TO MAKE A PROFIT ON THE ARMS, SPADAFORA BEGAN KEEPING A NOTEBOOK ON HIS ACTIVITIES.

'I WANTED TO TALK TO YOU,' HUGO SPADAFORA SAID TO FLOYD CARLTON, PAGING THROUGH THE NOTEBOOK HE WAS KEEPING ON NORIEGA'S ACTIVITIES. 'I KNOW ALL ABOUT YOU AND YOUR DRUG TRAFFICKING.'

By January 1984, Carlton had carried out three cocaine flights for Pablo Escobar and was making plans for the fourth. But when he met with Noriega for approval he was told things were changing. Noriega had returned two months before from his tour of Washington and, just the previous month, had had a meeting with Vice President Bush. There had been public complaints about trafficking through Panama, and Noriega told Carlton he felt he had to be more careful.

This would be Carlton's last cocaine flight, Noriega said, but that didn't mean he shouldn't take full advantage of this final opportunity. Noriega was raising his price for the last load to \$200,000; he urged Carlton to do the same. "Don't be dumb. Make some money. But don't tell them this is going to be your last trip," Noriega said.

Carlton didn't ask for more money. When Noriega's \$200,000 was delivered, Carlton packed it in a cardboard box and drove to meet del Cid at the rear entrance to the PDF headquarters. A few days later, he flew 400 kilos of cocaine to the Coronado Beach airstrip south of Panama City.

Carlton was secretly relieved that Noriega had ordered him to stop the trafficking. He'd never felt comfortable at his partners' chic parties in Panama City. He was a country boy from Chiriqui, near the Costa Rican border. He didn't think of himself as a criminal or a drug-trafficker; he was just a pilot, making a good living for his family. And there were too many things he didn't understand, things that made him no longer trust Noriega. The Colombians were increasingly irritated at Noriega's arrogance. Carlton had also picked up a number of indications that he wasn't the only one they were dealing with in Panama. Once, in Escobar's well-fortified offices in Medellin, Carlton had run into another Noriega intimate from his gun-running days, Ricardo Bilonick. Bilonick had since bought his own air cargo company, INAIR. If Bilonick was involved, Noriega had to have a piece as well.

Carlton returned to his spread in Chiriqui, thinking he was out of the drug business. But Noriega, despite his admonition to Carlton, was becoming immersed in even larger drug operations than those Carlton knew about.

Steven Kalish was preparing to ship two gigantic loads of marijuana totaling 1.4 million pounds from Colombia to the United States, one on a container ship via the Panama Canal to New York City. Noriega had agreed that his customs officials would provide phony seals on the containers to mask their Colombian embarkation. Noriega's fee for services was to be \$1 million, toward which Kalish had advanced \$500,000.

Kalish also sensed that things were changing in Panama. While at his beach house, Noriega pressed Kalish to be extremely cautious—and he warned Kalish about getting too close to Kiki Pretelt and Cesar Rodriguez. It was one of the rare occasions when Noriega spoke English. "Deal directly with me on this," Noriega said. "Leave Kiki and Cesar completely out of it. When two people have a secret, there's nothing to worry about. When someone else knows, the whole world knows."

IT WOULD BE DIFFICULT TO IMAGINE TWO MEN MORE different than Hugo Spadafora and Manuel Noriega. There had been bad blood between them almost since they had met. Spadafora was more than 6 feet tall, light-skinned, light-haired and so good-looking he could have played himself in the movies he imagined being made of his life.

Noriega maneuvered for power with neither ideals nor ideology. Spadafora chose sides with passion and abandon. He was a medical doctor and became close friends with Noriega's predecessor, populist dictator Omar Torrijos, after working in one of Torrijos's rural clinics. Torrijos ordered Noriega and Spadafora to work together to set up an arms supply network to their mutual friend Eden Pastora and other Sandinistas during the Nicaraguan revolution. Spadafora even took a brigade to fight with the Sandinistas, earning him great respect and fame in Panama.

His disdain for Noriega had turned to disgust as he witnessed firsthand Noriega's attempts to turn a profit from the arms deals that Spadafora believed should be motivated by ideological support for the Sandinista cause. At some point, Spadafora began keeping a notebook on Noriega, collecting information about his corrupt activities and, later, charges of his involvement in drugs and money laundering.

In 1984, as Steven Kalish prepared to ship his 1.4 million pounds of marijuana, Hugo Spadafora returned to Panama for an extended visit after a two-year absence fighting in Nicaragua. Like Pastora, Spadafora by this time had become a contra and moved his permanent residence to Costa Rica. He renewed his friendship with Floyd Carlton, whom he had met when Carlton and Cesar Rodriguez were aiding the Sandinistas.

"I wanted to talk to you," Spadafora said to Carlton, paging through his notebook. "You have a beautiful family; you haven't lost all the ideals we had in the old days. I know all about you and Cesar, about your drug trafficking for Noriega."



WHEN CARLTON WAS FINALLY PUT ON A PLANE TO THE UNITED STATES, HIS REACTION WAS, 'THANK GOD.' BUT THE IDEA OF STANDING UP IN COURT AND TALKING ABOUT NORIEGA FILLED HIM WITH TERROR.

Carlton was stunned and ashamed. Spadafora was one of the few people whose respect he craved. "It's not too late to get yourself off that road," Spadafora admonished him.

On an emotional level, Carlton may have wanted to heed Spadafora's advice. But Carlton had friends to whom it was difficult to say no. In the first days of May 1984, Carlton received a call from Ricardo Bilonick—the INAIR owner whom Carlton had seen in Pablo Escobar's office in Medellín the previous year. He gave Carlton a telephone number and said, "Your father wants to see you urgently"—a reference to Escobar.

"What are you doing here? You know how the situation is here," Carlton said when he reached Escobar.

"Just get here as soon as you can," Escobar said. He gave him an address—an office building on 50th Street in the middle of the city.

When Carlton arrived at the address, he was awestruck by the scene. Besides Escobar, Carlton saw Gustavo Gaviria, and his brother, Jorge Ochoa, and dozens of second-level Colombians. They had set themselves up in a suite of offices that already had the bustling feel of a large corporation—dozens of secretaries, aides and a contingent of bodyguards. "Don't worry about anything," Escobar said. "We've paid for protection, \$5 million."

Carlton was not one to ask a lot of questions, but he gathered that the cartel was moving its operations into Panama and Nicaragua. Carlton's assignment was to fly a suitcase of money to make a payoff in Nicaragua, where the cartel was building a cocaine laboratory. He was asked to go to the United States to buy a C-130 transport plane to carry cocaine base from plantations in South America. One of Escobar's pilots told Carlton that another laboratory was being constructed in Panama, in Darien Province.

A couple of weeks later, James Bramble, the DEA's chief drug sleuth in Panama, got a telephone call from Inspector Luis Quiel, Bramble's main contact with Gen. Noriega and the PDF. Bramble liked and respected Quiel; he was bright and hard working—a soldier's soldier. Quiel had been appointed by Noriega to head the special antinarcotics brigade of the PDF, and he was one of the trusted young officers who reported to no one but the general. Quiel had telephoned Bramble to say that the PDF had discovered a clandestine operation in the jungle in Darien. The next day Quiel called again, saying, "General Noriega wants us to fly you down there to look it over."

When Bramble explored the camp, he found it was, indeed, a cocaine factory with first-rate engineering, better than anything he'd seen in Latin America. Over the next

two days, PDF soldiers searched the jungle and captured, in all, 23 Colombian residents of the camp.

News of the raid on the Darien factory shocked Kalish, Rodriguez and Pretelt. When the three men talked to Noriega about it several weeks after the raid, he was cryptic. He had ordered the seizure of the camp and implied that he was not involved personally in allowing the lab to exist. He said he had not condoned it nor accepted money for it.

Not long after, a cartel operative named Luis Guillermo Angel arrived at Kalish's house. He spoke flawless English, which he had learned as an exchange student in the United States. The organization had sent him to Panama to oversee the construction of the Darien factory. "We paid \$5 million to protect the operations," he said, "and we're a little upset. Maybe you could do us a favor. How good is your channel to Noriega? Who are you paying?"

"Noriega himself is our contact," Kalish said. "We don't deal with intermediaries. But I think it's crazy to think Noriega was getting your money. If he took it, he wouldn't have had the lab busted."

They drove to Cesar Rodriguez's house, a pretentious, two-story salmon-colored Spanish colonial. Rodriguez assured Angel that the entire mess could be straightened out, and Kalish left.

The next day Angel came to Kalish's house and said, "We paid the money to Colonel [Julian] Melo. He was our contact with Noriega. We talked to Melo. He says Noriega double-crossed him and ordered the busts to impress the DEA." Now, Angel said, the PDF's Melo was trying to involve the cartel in a plot to kill Noriega.

Kalish could imagine no greater catastrophe—Noriega and the cartel doing battle. Heads would roll, and one of them might be his. Matters worsened the next day when he learned that Angel and another high-level cartel operative had been arrested by G2, Noriega's intelligence unit. Kalish had to reach Noriega; he had Rodriguez call him in Paris, where he was on an official visit, to tell him that Angel wanted no part of Melo's plotting against Noriega but that the cartel was demanding satisfaction for the raided factory.

Within a day after Rodriguez's call to Noriega, Angel was released. He showed up at Kalish's house with a suitcase containing \$2 million toward total restitution of the \$5 million in protection money. The helicopter captured in the raid was also returned. Noriega had already released the 23 prisoners more than three weeks before.

Col. Melo was dismissed from the PDF on June 30, as



Noriega took pains to transform the whole incident into an example of his zeal as an antinarcotics crusader, willing to purge the highest ranks of his military. (The settlement with the cartel, according to Kalish, a high-level PDF officer directly involved and other sources, was completed almost a week before Noriega arrived in Cuba on July 5 for a secret visit. It is unlikely, therefore, that Fidel Castro could have acted as the mediator in the dispute with the cartel, as alleged by former Noriega aide Jose Blandon, and as reported in several press accounts.)

After the incident was over, Angel paid Kalish and his two partners, Rodriguez and Pretelt, \$500,000 for acting as mediators on his behalf. Angel and Kalish joked about how close the affair had come to being a total disaster for all involved. Then, Kalish gathered up Angel, his wife and two children and took them on a vacation to Aruba in his Learjet.

That would be among Kalish's last trips in his jet. On July 23, 1984, he flew it to Florida. Three days later he was arrested at the Tampa airport as he was about to return to Panama.

BY 1985, FLOYD CARLTON'S reservations about the cocaine business had disappeared in an eruption of profits from his deals with the Colombian cartel. Panama was no longer a transshipment point—Noriega had made that clear—but Carlton had shifted to airstrips in Costa Rica he had become familiar with during his transport of guns to the Sandinistas; some were still being used to ship weapons to the contras. Carlton no longer flew the shipments himself; he had hired his own pilots and was now charging the cartel \$3,000 a kilo to transport cocaine from Colombia all the way to southern Florida. In Florida, Carlton had his own distributors to market the cocaine wholesale—and a money-laundering operation to deal with the profits.

By mid-1985, Carlton's operations had carried out half a dozen flights of 500 kilograms each, and Carlton had grown extremely rich. After paying his pilots, ground crews and bribes to Costa Rican officials, he netted about \$1 million per load. Besides his Chiriqui ranch, La Ponderosa, he had acquired a home in David, two in Panama City, a beachside villa, two condominiums in Miami, planes, boats and a collection of sports cars. Then, in May, a routine cocaine flight went wrong.

One of Carlton's pilots, Teofilo Watson, took off from an airstrip in Costa Rica to fly to Colombia. He picked up a load of 538 kilos of cocaine and began the trip back to Costa Rica, where another Carlton pilot, Miguel Alemany Soto, was waiting to refuel and fly the plane to the United States.

Watson never arrived. The plane and drugs were never found. Carlton was left trying to explain to his Colombian suppliers how a \$3 million cocaine shipment had vanished

into thin air. Carlton and Alemany Soto investigated and concluded that the Costa Ricans they had hired to handle ground operations had lured Watson to land at another strip, then murdered him and stolen the cocaine. Carlton's source said the money from the drugs was used for the contras.

Carlton and several associates flew to Medellin to make things right with the owners of the cocaine, Luis Jose Ospina and Leopoldo Rodriguez, who operated out of the city of Pereira, south of Medellin. The Colombians accused Carlton of stealing the drugs, but Carlton was able to appeal to his old friend, Pablo Escobar, who intervened and allowed Carlton and his associates to leave Colombia safely.

Carlton fled the next day to Miami. The Pereira group, convinced of Carlton's guilt, hired a Panamanian named Alberto Audemar to shake down Carlton's people in Panama and set an ambush for Carlton himself. But Carlton's friends in the PDF arrested Audemar's gang and turned the case over to the courts. The whole sordid mess hit the Panamanian papers, with, as the Panamanians say, "a luxury of details."

As soon as Hugo Spadafora learned of the trouble his old friend was in, he began an intense effort to contact him. He reached Carlton in Miami at a vulnerable moment—his trafficking operation was blown, and he was hiding out from what he feared might be a Colombian hit team. At first he refused to talk, but Spadafora was friendly and consoling, insisting Carlton should consider carefully what to do next and nudging him gently toward cooperation. Spadafora said he wanted to move against Noriega, that he had "something firsthand, [and] was going to take care of Noriega."

As Carlton recalled it when he spoke to congressional investigators, the conversation went along these lines:

"He only asked one favor of me, to please confirm for him

the dates of the flights I had done.

"So I told him, 'Are you crazy? Hugo, why me? If you have some affection for me, why do you have to involve me in this thing?'

"So he tells me, 'Because I know you're not in agreement with certain things that are going on.'

"So I told him, 'Well, okay.' I spoke to him about some of the dates and he wrote them down."

Hugo Spadafora was moving his investigation of Noriega into high gear. American friends had set up a meeting for Spadafora with Robert Nieves, the DEA's new resident agent in Costa Rica.

"I'm a cop," Nieves told Spadafora. "You're not giving me any facts. I need a person who saw this stuff, documents, telephone receipts."

"Don't worry. I know what you need," Spadafora said.

continued on page 31



IT TOOK FLOYD CARLTON MONTHS TO DECIDE HE WOULD TESTIFY AGAINST MANUEL NORIEGA. WHEN HE APPEARED BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE IN FEBRUARY 1988, HE INSISTED ON WEARING A HOOD.

NORIEGA

continued from page 19

"I'll get it for you." In a few days, he said, he would be traveling to Panama.

ON SATURDAY MORNING, SEPTEMBER 14, 1985, Franklin Vargas, a Costa Rican peasant, walked across a small wooden bridge near his home just a few hundred yards north of the Panamanian border. He was going after some chickens that had strayed. Glancing over the side of the bridge, Vargas saw two legs sticking out of the shallow water. The rest of the body was submerged and contained inside an olive green canvas bag.

The rural police arrived about an hour later and pulled out the body of a tall white man. The man's head had been hacked off. They slogged through the weeds and water and searched the road. Two freshly broken teeth were found, but no head. The bag tied around the body bore the legend "Domestic: U.S. Mail, J 460 1."

Hugo Spadafora should have arrived by bus in Panama City on Friday night, and when he didn't, his father began to look for him. Ari Spadafora, his wife, said that Hugo had left home at 8 a.m. Friday on his normal route to Panama—commuter plane to a town near the border, taxi to the border, walk across the border to avoid Costa Rican authorities who might question him because he was a contra, catch a bus to David and then to Panama City. On Sunday, Ari got some chilling news. Three friends of Hugo's, Panamanian brigadistas who had fought with Spadafora against Anastasio Somoza, said they were in a bus going from Panama to Costa Rica and had seen Spadafora taken off a bus at a PDF border post several miles inside Panama on Friday just after noon.

On Monday, Spadafora's friend, Risa Morales, went to the San Jose morgue and identified the headless body found near the border as that of Hugo Spadafora. He recognized an old scar on Spadafora's leg. About the same time, Costa Rican police investigators received a copy of Spadafora's fingerprints from Panama and verified that the body was Spadafora's.

Noriega was out of the country in his villa in France when Spadafora's body was found, and the acting commander in chief was Col. Robert Diaz Herrera. His first thought when he heard the news reports about the discovery of Spadafora's body was that Noriega had left him holding the bag. Diaz Herrera immediately called Maj. Luis Cordoba, the commander of the military zone covering Chiriqui and the Costa Rican border.

"What's going on up there?" Diaz Her-

rera asked Cordoba. "When I'm in charge I want to be kept informed."

"No, my Colonel, here we don't know anything about that matter. As far as we know, it happened in Costa Rica," Cordoba said.

By the weekend, there was strong circumstantial evidence that Spadafora had died in Panama and was last seen alive in PDF custody. The Costa Rican Office of Judicial Investigations carried out some quick detective work and released its preliminary report based on interviews with eyewitnesses: The taxi driver who took Spadafora from the airplane said that he dropped Spadafora off a few yards from the Panamanian border; the three brigadistas gave their account and corroborated it with a detailed and accurate description of Spadafora's clothing; at Laurel, where the body was found, two peasants said that they were awakened about midnight by passing vehicles, described as olive green Suzuki four-wheel-drive jeeps such as those used by the PDF.

THE IDEA THAT HE MIGHT DEVELOP A drug-trafficking case against Manuel Antonio Noriega had been rolling around Dan Moritz's mind since he had talked to a young, scared informant named Edgar. Moritz was an agent in the DEA's frenetic Miami office, and Edgar managed money and property for Floyd Carlton. He knew that the money flowing through Carlton's condo in the Fontainebleau hotel was drug money. He knew that Carlton had a connection to Noriega, and he knew Cesar Rodriguez. Edgar told his story to Dan Moritz and agreed to cooperate with the DEA.

Noriega was a big fish, and in Moritz's mind the higher up you work a case the better. He mentioned the "Noriega connection" in his reports, and he discussed it with Richard Gregorie, the chief assistant U.S. attorney in Miami. It became a joke between them.

"When are you going to get me Noriega?" Gregorie would ask.

"It's going to happen. I think I can do it," Moritz would say.

The targets of the operation that grew out of Edgar's debriefing were Floyd Carlton and Alberto Caballero, an airplane broker. Moritz went undercover, and Edgar took him over to DIACSA, Caballero's business south of Miami International Airport. Moritz was introduced as "Daniel Martelli," someone able to turn cash into large-denomination cashier's checks and international wire transfers without filing any reports that would allow the U.S. government to detect the transactions.

As Martelli the money launderer, Moritz first met Floyd Carlton in March 1985; Caballero introduced them. For an hour they discussed the banks Martelli

would use and how to avoid filing CPR's—the Internal Revenue Service forms required for any cash transaction over \$10,000. Moritz left the meeting with \$200,000 to launder. Eventually, he handled \$3.8 million for Caballero and Carlton.

But money wasn't the target. Moritz wanted to break the smuggling operation that was flying in the cocaine. In September 1985 he got the chance. Carlton had never let slip any details about the cocaine flights, but his chief pilot, Miguel Alemany Soto, told Edgar about a big flight coming up from Colombia through Mexico. Edgar was able to get the tail number of the plane and an approximate date of the flight; the pilot's name was Tony Aizprua.

On September 23 the chase was on. Aizprua's plane had crossed the border from Mexico and had landed at Brownsville airport, on the southern tip of Texas. Moritz ordered U.S. Air Force surveillance planes out of Homestead base south of Miami. Aizprua tried to shake the tail by faking landings at several airstrips in southern Florida, but by 8:30 a.m. he was running out of fuel.

Moritz's supervisor, Ken Kennedy, was listening to the chase on the police radio in his car as he drove to work on I-75 north of Miami. "He's coming down. He's landing on the highway, on I-75," he heard someone say. The radio described a stretch of I-75 that was closed off for construction. Kennedy slapped his red light on the roof of his car and sped up to 90 miles per hour.

When he reached the Cessna turboprop 441, its propellers were still turning and the cockpit door was open. The pilot had fled into a dense swamp that lay a few yards from the road. Kennedy, a round, red-faced former cop from New Jersey, waded in with his gun drawn and lost one of his shoes in the muck. He ran back, puffing, to inspect the plane, which was loaded with 12 suitcases and four duffel bags. The total take: more than 400 kilos of pure cocaine, worth at least \$2 million wholesale and three or four times that had it reached its distributors. The airplane alone was worth \$1 million.

For Floyd Carlton, the plane's capture was the third major disaster in the last few months. He had been hiding out in Miami since July because of the disappearance of the 538 kilos of cocaine in May. Only a week before, his friend Hugo Spadafora had been found murdered in Panama. Now his operation had lost a second plane and another multimillion-dollar cocaine load. From the capture of Aizprua's plane, he had to assume that his operation had been detected by U.S. authorities. It was no longer safe for him to remain in the United States.

In October, Carlton returned to Panama, and a few days later was picked up by DENI, the investigative police. The detention was to protect both Carlton and Noriega: Carlton was out of reach of the Colombians who might still be looking for him, and his interrogation at the prison allowed Noriega's people to clean up traces of Carlton's connection to the general.

In January 1986 Carlton was released for lack of evidence—the Panamanian investigating judge said that no cocaine was found to substantiate the suspicions that Carlton was dealing in drugs. But Carlton felt trapped and decided to try the course recommended to him in his last conversation with Hugo Spadafora. He called the DEA's resident agent in Panama, Thomas Telles, and set up a meeting. Carlton said he wanted to cooperate with U.S. authorities in exchange for protection for himself and his family. Later, he would give this account of that conversation:

"When they talked to me they asked me exactly what I wanted to speak about to them. And I asked, 'Have you not heard my name?' And they said, 'Yes, we have.'

"And so I said, 'I can go before the American judicial system and speak of a lot of things that are happening in this country, and I can even prove them.'

"So they asked, 'Such as what?' So, I said, 'Money laundering, drugs, weapons, corruption, assassinations.' When I mentioned the name of General Noriega, they immediately became upset. And of course I became nervous at that point. They did not try to contact me again."

The meeting seriously spooked Carlton, who was well aware of the close relations between Noriega and the DEA. He had already been told by a PDF officer in Chiriqui that Noriega's investigative unit considered him a problem and that "they were apparently looking for a way to do away with me."

In Miami, the DEA and the U.S. attorney's office decided it was time to "take down" Moritz's undercover operation. On January 23—only a few days after Carlton approached the DEA's Panama office—a Miami federal grand jury returned a secret indictment against Carlton; Caballero; Caballero's son, Luis; pilot Tony Aizprua; and three other Carlton associates. They were charged with smuggling the 400 kilos of cocaine on the Aizprua flight and with 12 counts of conspiracy and money laundering.

Soon after the arrests of his entire circle of associates, Carlton had some more bad news: Cesar Rodriguez was missing.

Rodriguez had tried to interest Carlton in one last cocaine deal—a 300-plus-kilo shipment he was putting together with

the two sons of a Noriega rival. They had bought a boat, the Krill, and had arranged two pickup points in Colombia.

"Don't do anything without Noriega's permission," Carlton had warned Rodriguez.

On March 11, 1986, Rodriguez and his associate flew to Medellin. They were seen with a Colombian woman, Nubia Pino de Bravo, the widow of a cocaine trafficker. On March 13 they went out of their hotel and never came back. One week later, Colombian police boarded the Krill while it was anchored at the port of San Andres, a Colombian island in the Caribbean. They found 305 kilos of cocaine.

Cesar Rodriguez's body was discovered in the small village of Itagui, near Medellin. He had been bound and gagged and shot once in the head. It was presumed that Rodriguez and his friend had a bad debt with one of the cartel groups and had paid with their lives.

Floyd Carlton had no proof, but he also had no doubt who had set the trap for Rodriguez. To his mind, Gen. Noriega had finally gotten rid of his most embarrassing former partner. Carlton didn't need much imagination to guess who might be next.

THE INFORMATION THAT DAN MORITZ gleaned from his new prisoners convinced him that Floyd Carlton might become a witness against Noriega—if he could be lured out of Panama to a country where he could be arrested and extradited.

The opportunity came in June. Carlton was worried about the Miami indictment and wanted to talk to Alberto Caballero, the airplane broker, who was out on bail. Carlton had been unable to get any reliable information about what kind of evidence the U.S. authorities had against him. Caballero told Carlton he was going to Costa Rica on business and would be willing to bring copies of the indictment and other documents. Caballero didn't relish the thought of acting as bait to trap a friend, but he was facing a decade or more in prison. He called Dan Moritz and offered Floyd Carlton.

Moritz and Caballero flew to Costa Rica in late July and registered at the Cariari Hotel in San Jose. Carlton and several associates arrived at the hotel on July 30 and went up to Caballero's room. Within minutes, Moritz, Robert Nieves, the DEA's resident agent who had once talked with Hugo Spadafora, and a team of Costa Rican police swarmed into Caballero's room. Carlton didn't resist.

IN THE SPRING OF 1986, STEVEN KALISH learned that he was about to be indicted in three states on drug smuggling and criminal conspiracy counts. He had already been in jail for two years, and he

realized that he would most likely spend the rest of his life there. He hired a new, savvy Washington lawyer and instructed him to get a plea bargain. Kalish's part of the bargain: He would provide information on his lucrative partnerships with and payments to Manuel Noriega.

Attorney Sam Buffone outlined what Kalish had to say about Noriega in a letter to Stephen Trott, an associate attorney general. Trott was also in charge of the administration's interagency task force on money laundering. On Friday, September 19, 1986, Kalish was brought to a remote and heavily guarded compound at Camp LeJeune, a Marine base in North Carolina. He spent three hours being questioned by agents of the DEA, the FBI and Customs and by an assistant U.S. attorney from a district where Kalish faced charges.

The following Tuesday, Kalish was brought to Washington to meet with Trott himself. After spending the day across the street from the main Justice Department building, he was finally told that there would be no meeting and no deal in exchange for his cooperation on Noriega. "Sorry, we're your friends; others in the government are not. We want to go forward on this, but you'll have to let us work it out," one of the U.S. attorneys said apologetically.

Kalish finally persuaded the U.S. attorney's office in Tampa to allow him to plead guilty to lesser charges in exchange for his testimony on Noriega. It wasn't a good deal—Kalish's maximum sentence still stood at 20 years—and he didn't understand why the prosecutors had made the deal and then had done nothing about it. He had records and documents, but no one had asked to see them.

Suddenly, in late June 1987, two assistant U.S. attorneys from Tampa and three other federal agents from the FBI and Customs showed up to talk to Kalish at the Gilchrist County jail. It was the most intense questioning he had undergone since he had first offered to talk about Noriega almost a year before. Kalish had to be ready to go before a grand jury, they said. Then they left to write up their reports and have them ready for a meeting at the Justice Department on Monday morning.

Meanwhile, Floyd Carlton had been sitting in a dirty Costa Rican jail awaiting extradition. Noriega had sent him messages to sit tight, "not to say anything, to keep quiet." Noriega promised Carlton that the most he would have to spend in prison in the United States was five years and that he would use his influence to get him out. But Carlton's letters back were increasingly harsh. After Rodriguez's death, there could be no more trusting. Later he summed up his feelings about Noriega: "You're near him, and you feel

death near to you. That person inspires you with terror."

So in January 1986, when Carlton was finally put on a plane to the United States, his reaction had been, "Thank God." The idea of standing up in court and talking about Noriega in public filled him with terror. But he had told Dan Moritz he would consider it.

As soon as Floyd Carlton was brought to Miami, the senior assistant U.S. attorney, Dick Gregorie, took over the case and briefed his boss, Leon Kellner.

"Nobody in Washington told Dick Gregorie to stop," Gregorie said. "Nobody said it was okay to go forward either. I figured the more people up there that knew about it, the more likely somebody high up in the administration was going to say, 'Hey, you can't do this.'" So Gregorie didn't set up any flags when Floyd Carlton finally agreed, under some stiff threats of spending a lot of time in jail, to testify against Noriega.

Carlton had all the signs of a strong witness. He had a straightforward way of talking and an extraordinary memory for detail. Dates of trips he had taken years before were checked against his passport, and he was seldom more than a day or two off.

Gregorie knew he had a strong case, but he also knew he needed more than that; he needed an invulnerable case. "If you're going to shoot the king," Gregorie liked to say, "you'd better have a very big gun."

In an attempt to locate additional witnesses who might corroborate Floyd Carlton's testimony, a DEA intelligence analyst had turned up the file on a Colombian trafficker in an Oklahoma prison who had begun to cooperate in an unrelated case and had mentioned Noriega. The prisoner, Boris Olarte, said that he was the bagman making payoffs of \$4 million to Noriega on behalf of the cartel in 1984—the same period Carlton had claimed that Noriega was receiving protection payments. Olarte described meetings and meeting places that corroborated Carlton's testimony. The irony, pointed out by DEA agents in Washington, was that Olarte had been arrested and turned over to the United States by Noriega's own antinarcotics unit.

Finally, the gun was big enough to shoot the king. ■

John Dinges is the coauthor of Assassination on Embassy Row and is a foreign editor of National Public Radio. Our Man in Panama is based on four years of research and hundreds of interviews, including extensive interviews with Steven Kalish, and on confidential testimony by Floyd Carlton to congressional investigators and law enforcement agencies.



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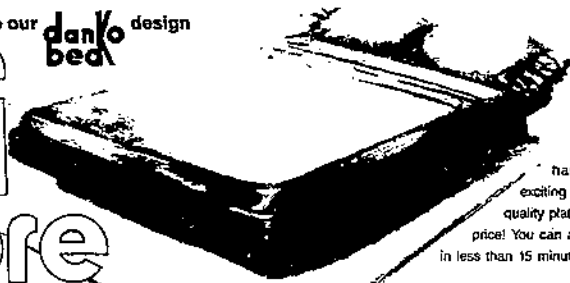
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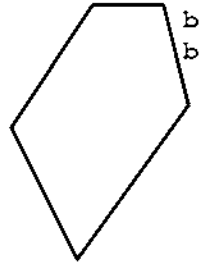
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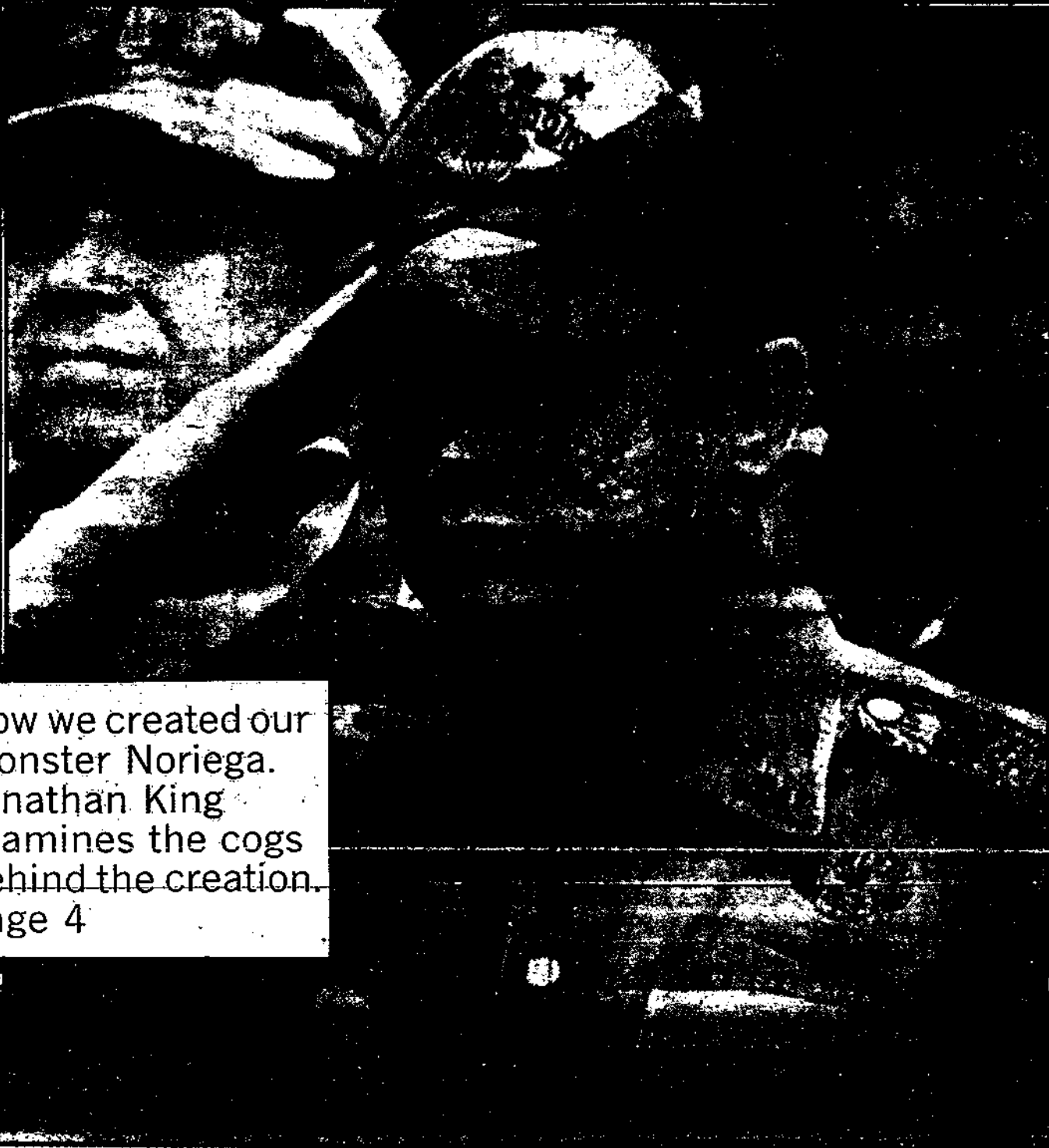
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The Beat Of The Bay

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How we created our
monster Noriega.
Jonathan King
examines the cogs
behind the creation.
Page 4

In the early '70s, Leigh Ritch bagged groceries at a U-Save store near the University of South Florida campus. More than a decade later, federal indictments would end a multimillion dollar pot smuggling ring Ritch and partner Steve Kalish operated for five years. The bust would eventually lead to drug smuggling and money laundering indictments against Panamanian strongman Manuel Noriega.

Linking the 1986 arrest of a middle-class Tampa native to the downfall of a Latin American dictator is not so far-fetched, considering how fast and how far Ritch and Kalish's operation grew.

The operation began in earnest in 1981, and it wasn't long, authorities say, before ton-loads of pot were being shipped in barges from Colombia to Louisiana. So much money was involved that houses in Tampa were literally full of it, and trips to the Cayman Islands bank aboard chartered jets occurred with growing regularity. With success came the lifestyle: Lear jets, Ferraris, villas in the Caymans and a computerized network manned by 20 men — cogs in a massive drug-ring operation.

Soon, a Cayman Islands bank would no longer accept the increasing size and frequency of cash deposits brought in by Kalish and Ritch. (Ritch was also involved in a 1981 cocaine charge in the Cayman Islands, facing an 18-month sentence if he returned. Eventually, the case was closed when \$66,000 was paid by Ritch in return for no jail time.)

So, carrying a suitcase with \$300,000 inside, Kalish flew to Panama in 1982, encouraged by Colombian connections that Noriega was the man to meet.

For the next few years, according to court records in Tampa, Kalish paid Noriega millions for the right to smuggle drugs and

Ritch and Famous



BANKING ON IT: Ritch at Banco Barclays Antillano, West Indies.

launder money through Panama. Deposits were handled by the Bank of Credit and Commerce International's Panama branch. Bank executives pleaded guilty Jan. 16 in Tampa to laundering up to \$14 million in drug money, following a nearly four-year investigation by U.S. Customs agents.

For Kalish and Ritch, things started going wrong in 1985, the same time the Customs investigation began. Their downfall started when a boat captain — at whose wedding Ritch was the best man — became an informant for the government, turning in the entire enterprise. Also in 1985, Ritch was arrested for trying to buy a fake passport from an undercover FBI agent. Passports he already owned — Canadian and Cayman — revealed trips to Panama, Colombia, Bogota and Costa Rica.

Soon after, the U.S. government began a telephone wiretapping of the Kalish/Ritch

For Noriega's Tampa connection, the buck started here, with two enterprising young men.

by Greg Fulton

operation. Agents would learn what was meant by conversations about a yard that needed mowing at a house on Ehrlich Road, and who the men were behind the aliases "Skip Brown" (Kalish) and "Patron" (Ritch). Agents also attended a meeting of members of the operation at Chuck's Steak House in Carrollwood.

By May of 1986, the massive indictment of Ritch, Kalish and 22 others was filed in Tampa federal court. Kalish was brought back from his native Texas to stand trial. Ritch was arrested in New York.

One month after the February 1987 trial began, Kalish pleaded guilty and became a government witness in exchange for a 14-year sentence. (He's expected to testify in any potential Noriega trial.) Ritch did not plea bargain, and was found guilty on over a dozen counts. He's serving a 30-year sentence.

In 1988, Kalish testified before a Senate committee. That's when the wheels began to turn for the Noriega indictments, filed both in Tampa and Miami.

In his testimony, Kalish detailed his dealings with Noriega.

"We all knew Kalish and Noriega were thick as thieves," said Mina Morgan, a Tampa attorney who represented Leigh's older brother, John Ritch, a married father of two. He was found not guilty in Tampa, but currently awaits sentencing on a similar indictment in Louisiana. "Noriega's men were unloading the stuff, Noriega discussed with Kalish things he said to George B. Morgan said.

Court records and newspaper clips recount how Kalish let Noriega use his Lear jet for a visit the dictator made to President Reagan at the White House.

As for Ritch, "he is a real mellow guy; Kalish was sort of the jet-setter," Morgan said.

Friends of Ritch, who spoke anonymously about him, described him as "a really nice guy," "driven" — not someone that looked like he was an international drug smuggler. He wore only Ralph Lauren clothes. He loved Bob Marley and sailing.

"I think he [Ritch] got involved at USF in small-time stuff that sort of mushroomed into something he couldn't get himself out of," said Lee Fugate, a Clearwater attorney who represented Ritch. "Kalish was the brains, the ambition of the operation."

Based on Kalish's testimony, the Tampa indictment came together (just as the Miami indictment against Noriega was also coming to a head) because of the testimony of informants and insiders within Panama. Simultaneously, the Bank of Credit and Commerce International was indicted in October 1988. □

WORLD BEAT

By most accounts, the U.S. invasion of Panama was an overwhelming success. Within a matter of days we apparently stamped out almost all organized resistance by the Panama Defense Forces and the armed civilian "Dignity Battalions" of former Panamanian strongman Manuel Antonio Noriega. Democracy is on the way to being restored in a country where corruption, economic chaos, and brutality had been the order of the day.

The invasion was an immensely popular move here. An overwhelming 80 percent of the people polled recently by *Newsweek* thought that the United States was justified in sending in its military forces. Newspapers extolled the use of military force as a means to bring down someone as reprehensible as Noriega. As *The Los Angeles Times* commented, the Americans and Panamanians who died in the recent fighting did not die "in vain. They will have a far greater tribute — a Panama that is a more truly free and just nation."

The irony in all this, which seems to be lost in the drumbeat of praise, is that Noriega — our ostensible reason for invading Panama — was, in great part, a monster of our own creation. As long as he served our needs, we supported him, encouraged him and even covered up his involvement in murders, drug trafficking and other transgressions.

Noriega and the United States are old dance partners. He reportedly started receiving CIA money back in the late 1960s, at which time he became head of Panama's military intelligence. In that position, Noriega must have been a valuable asset, because we started overlooking his sins early on.

In 1971, for example, a witness has claimed that Noriega was present when a priest who had been organizing peasants was pushed out of a helicopter. The circumstances surrounding the killing became almost immediately available to U.S. intelligence agencies via electronic monitoring. Such incidents apparently did not dampen our enthusiasm for continuing to rely on Noriega as an intelligence asset. In fact, when George Bush was head of the CIA, he met with Noriega in Washington, D.C., in 1976.

During the 1970s, reports of Noriega's involvement in drug trafficking began to make their way into U.S. government files. According to an April 1989 report by the Senate Foreign Relations Committee's Subcommittee on Narcotics, Terrorism and International Operations, chaired by John Kerry of Massachusetts, Noriega's name appeared in more than 80 different Drug Enforcement Administration files between 1970 and 1987. (The report was largely overlooked in all of the recent chest-pounding about the war on drugs.)

By the early 1980s, the murmurs concerning Noriega's drug trafficking had become a roar. Dr. Norman Bailey, a former senior staff member of the National Security Council from 1981 to 1983, said in congressional testimony, "any authorized official of the U.S. government" in that period would have had access to the mounting documentation of Noriega's criminal activities — activities that, "taken together, constituted not a 'smoking gun,' but rather a 21-cannon barrage of evidence."

The U.S. government apparently chose to ignore the evidence. (The information certainly did not stop then-Vice President Bush from meeting and being photographed with Noriega in 1983, although Bush denies having knowledge of Noriega's alleged drug trafficking at the time.) As Bailey put it, "clear and incontrovertible evidence was, at best, ignored and, at worst, hidden and denied by many different agencies and departments of the government of the United States in such a way



Noriega.

Jonathan King

How we created our monster Noriega.

as to provide cover and protection for [Noriega's] activities."

Even as the reports of his unsavory involvements grew, the cunning Noriega, who became head of the PDF in August 1983, found another way to make himself invaluable to an American government obsessed with supporting the Contras' war against the Sandinistas in Nicaragua. Already an experienced gunrunner, Noriega served our needs by becoming a weapons supplier for the Contras, starting in the early 1980s.

In 1984, Noriega made a contribution of \$100,000 to a Contra leader. According to various reports, Noriega met over the next two years with several top U.S. government officials, including Lt. Col. Oliver North, then-National Security Adviser John Poindexter, and then-CIA head William Casey, and offered to aid the Contras. In August 1986 Noriega, aware of his PR problems in this country, approached the U.S. government through a representative, according to the government's statement of facts produced at North's trial.

Noriega offered to assassinate the Sandinista leadership if the United States

would promise to help clean up his image and lift a ban on military sales to the PDF. The government declined Noriega's offer, but when North met with him a month later, Noriega reiterated his willingness "to take immediate actions against the Sandinistas."

Francis McNeil, former U.S. ambassador to Costa Rica and former deputy assistant secretary of the State Department's Intelligence and Research Bureau, has asserted that the government so valued Noriega's aid to the Contras that it was guilty of "coddling Noriega beyond any time when one could reasonably doubt Noriega's involvement in drug trafficking to the United States." McNeil told Kerry's subcommittee that in 1986 a formal U.S. government policy review of the Panamanian situation took place.

"Several of us suggested in different ways that the Noriega issue wasn't going to go away, if for no other reason than narcotics," he said. But afterwards "a decision was made to put Noriega on the shelf until Nicaragua was settled."

In October 1986, Eugene Hasenfus' Contra supply plane was shot down, leading to the revelations of Oliver North & Co.'s efforts to aid the Contras. With that operation blown,

Noriega became more vulnerable, but still the U.S. dallied.

John Lawn, the DEA administrator at the time, wrote to Noriega in May 1987: "DEA has long welcomed our close association and we stand ready to proceed jointly against international drug traffickers whenever the opportunity arises."

It was not until early 1988 that the strongman was indicted in this country for drug trafficking. Even more than a year after Noriega's indictment, the U.S. government continued to work with the PDE, relying on them to carry out arrests in connection with money laundering. Apparently we still hadn't learned our lesson: The report of Kerry's subcommittee stated, "The risk of relying on General Noriega for such cooperation was highlighted when one of the principal defendants, identified by the Justice Department as the [Medellin] cartel's chief money-launderer in Panama, 'escaped' from the PDF after being tipped-off to the planned arrest."

Finally, just before Christmas and following a failed coup attempt in October, the United States acted. The Panamanians had shot and killed an American soldier and beaten another, while threatening the latter's wife with sexual abuse. "That was enough," Bush said in announcing the invasion. The overwhelming forces involved in the invasion were justified, given the need to protect 35,000 U.S. civilians in Panama, he said. However, in light of recent revelations concerning Noriega's relationship with the United States, those reasons seem arbitrary. It's hard to understand why they were suddenly "enough," since tensions had been high for some time, since Noriega's brutality and involvement in drug trafficking on a massive scale had been known for years.

While the military side of the invasion went well, the preparations for coping with Panama's internal situation seemed extremely haphazard. The new Panamanian president, Guillermo Endara, was informed of the invasion only a little while before U.S. troops descended on his country; he was hastily sworn in at an American military base in Panama. His government, which seems particularly ill-prepared, faces a mammoth task.

Panama's economy, once one of the prizes of Latin America, is in shambles, in part because of U.S. economic sanctions. So Panama will need American military personnel to police it for some time to come, and a big infusion of American aid to prop up the Endara government as it struggles to gain some control.

The sad thing about the apparent lack of foresight in paving the way for a smooth post-Noriega transition is that it is a continuation of our recent tendency in Panama to put short-term interests (like aiding the Contras) ahead of a longer-term strategy to help bring peace and stability to the region.

However justified we may have been in ridding the long-suffering Panamanian people of Noriega, the more than 20 Americans who died (and several hundred who were wounded) — not to mention the Panamanians who perished — have paid the price for earlier American mistakes and shortsighted expediency in Panama.

After the euphoria of the military victory has worn thin, we may begin to see the continuing cost of a heavy-handed response to a situation we helped to create. We will see that price, not only in Panama, but throughout Central America. Our invasion won't help us begin to solve the bloody mess in El Salvador or the continuing fire fight in Nicaragua. Panama may ultimately be seen as a sad episode in a year when so much progress toward peace was made in other parts of the world. □

LA ESTRELLA DE PANAMA

"POR EL FUTURO EN LA DISTANCIA"
"Y POR EL BIEN QUE YO PUEDA HACER"



FUNDADO EN 1883

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"POR LA CAUSA QUE SE ENCUENTRA SIN AYUDA"
"POR EL MAL QUE REQUIERE RESISTENCIA"

Mareas en
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Pasa a la Pág. A-2, No. A-029

Tienen vínculos con Noriega

La DEA investiga a Carlos Wittgreen y a Marta I. Padilla

La Agencia Federal Antidrogas de los Estados Unidos (DEA) inició la investigación de 34 discos de computadora que encontró en la residencia y negocios de Carlos Wittgreen y Marta I. Padilla, hija del propietario del diario El Siglo, Jaime Padilla Béliz, informó la agencia norteamericana de noticias AP.

En un despacho noticioso procedente de Miami y firmado por Richard Cole, Associated Press (AP) afirmó que 34 discos de computadora capturados durante la invasión norteamericana pudieron demostrar que Noriega se dedicó al lavado de dinero del narcotráfico.

El Siglo instaló su principales instalaciones en una residencia ubicada en Vía Argentina, que hasta el 20 de diciembre fue sede de las oficinas empresariales de Wittgreen y Marta I. Padilla, hija de Jaime Padilla Béliz.

La DEA - según la AP - solicitó la autorización legal para examinar la información encontrada a Carlos Wittgreen que ha sido calificado por la agencia antidrogas como "uno de los principales asesores de finanzas" de Noriega.

Marta I. Padilla es gerente general de 10 compañías de Carlos Wittgreen a quien las autoridades confiscaron un lujoso yate.

En los negocios de Wittgreen y Marta I. Padilla fueron encontradas varias cajas de documentos

que fueron entregados al Ministerio de Gobierno y Justicia para ser investigados.

Empero un hermético silencio se ha mantenido hasta ahora sobre las investigaciones que buscan esclarecer las relaciones exactas de Wittgreen y Marta I. Padilla con Noriega y de éstos con Jaime Padilla Béliz propietario de El Siglo.

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They are tied to Nariega.

DEA Investigates Carlos Wittgren and Marta I. Padilla.

The American news agency A.P. reported that the Drug Enforcement Agency of the United States has initiated an investigation of 34 Computer discs found in the residence and business establishments of Carlos Wittgren and Marta I. Padilla, daughter of the owner of El Siglo Newspaper Jaime Padilla Beliz.

In a news dispatch from Mexico and written by Richard Cole of the Associated Press. (AP) he stated that 34 Computer discs captured during the American invasion can prove that Nariega was laundering money for the drug traffickers.

El Siglo established its principal plant in a residence near the Via Argentina, that until the 20th of December, was the headquarters for the offices of Wittgren and Marta I. Padilla, daughter of Jaime Padilla Beliz.

According to the A.P. the DEA, asked for legal authorization to examine the information found about Carlos Wittgren, who has been ranked as one of Nariega's main financial adviser by the D.E.A.

Marta I. Padilla, is general manager

for 10 of Carlos Wittgreen's companies and from whom the authorities have confiscated a luxury yacht.

Bags of documents were found in the offices of Wittgreen and Marta D. Pasillas, which were turned over to the Ministry of Government and Justice for investigation.

However an impenetrable silence has been maintained up until now about the investigations that are trying to clarify the exact relations between Wittgreen and Marta D. Pasillas with Noriega and with Jaime Pasillas Bely, the owner of El Siglo.

(Mount Clipping in Space Below)

Prosecutors Concentrate on the Cuban Connection In U.S. Government's Drug Case Against Noriega

By FREDERICK KEMPE
And PAUL M. BARRETT

Staff Reporters of THE WALL STREET JOURNAL
WASHINGTON—Prosecutors say they are firming up the "Cuban connection" in the drug case against Manuel Noriega.

Dozens of federal agents working full-time on the case have found a half-dozen new witnesses and continue to pressure the deposed Panamanian ruler's fellow defendants into pleading guilty. As a result, the government feels it has bolstered its contention that Cuban leader Fidel Castro mediated a dispute between Gen. Noriega and Colombian cocaine traffickers in 1984—a key assertion in the indictment of Gen. Noriega.

This is good news for President Bush, who is counting on a conviction to justify the December invasion of Panama. The president got a little further help last week from the U.S. Supreme Court, which ruled that the Fourth Amendment prohibition of "unreasonable searches and seizures" doesn't apply to property located abroad and owned by foreign citizens, knocking down a legal strategy that Gen. Noriega's lawyers had planned to erect.



Manuel Noriega

Meanwhile, U.S. prosecutors in Miami, where Mr. Noriega faces the first of two trials, are close to arranging a guilty plea from Lt. Col. Luis del Cid, accused of being Mr. Noriega's bagman in several key drug transactions. A lawyer for Mr. del Cid says that "a very tempting" plea arrangement "is under serious consideration."

Mr. del Cid would be the third of 16 co-defendants to turn on the former Panamanian leader, and Justice Department officials believe several more Noriega co-defendants will plead guilty and cooperate in coming weeks. Typically, once a few alleged conspirators agree to testify, others

follow "as fast as they can, knowing the only alternative is for them all to go down together with the primary defendant," says one federal official.

No 'Smoking Gun'

The sharpening focus in the case against Mr. Noriega has been a long time in coming. The U.S. attorney's office in Miami got off to a rocky start in the case in January because of concerns over possible disclosures of U.S. intelligence material, anxiety over the admissibility in court of evidence seized by U.S. forces, and uncertainty over who would lead the prosecution. The Miami trial had been scheduled to start this month, but last week was postponed until at least November.

The government needs all the breakthroughs it can get in the case. In Miami as well as in Tampa, where a second indictment awaits Mr. Noriega, prosecutors are relying heavily on the testimony of admitted criminals. U.S. officials also haven't found any significant new evidence against Mr. Noriega in the millions of documents seized after the invasion.

Thirty officials from the Justice and Treasury departments continue to comb through documents ranging from personal letters to papers as mundane as city water bills in search of incriminating evidence. "We don't have the smoking gun we were looking for," says a senior administration official. "There's no letter that says, 'Dear Antonio, Thank you for selling those 800 kilos for me.' We just don't have him with drugs on his hands."

Meeting in Havana

Without new documents, the government is focusing instead on new witnesses. One of the more important new figures is Maj. Felipe Camargo, who has told Drug Enforcement Agency investigators that he participated in talks in Havana in late June 1984. It was then that Mr. Castro, the Cuban ruler, mediated a cocaine-related dispute between Mr. Noriega and traffickers from Medellin, Colombia, according to two senior U.S. officials and a Panamanian government official who have read transcripts of the debriefing.

The Miami indictment depicts the Cas-

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The Wall Street Journal
New York, NY

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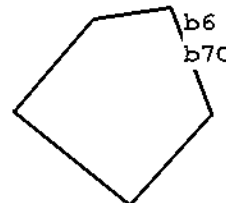
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tro mediation as one of a series of episodes proving the extent of Mr. Noriega's dealings with the Medellin cartel, a partnership of traffickers formed in the early 1980s. Specifically, Mr. Camargo's corroboration would help the prosecution prove that Mr. Noriega accepted payoffs from the cartel in exchange for protecting its operations, as the U.S. indictment claims.

"Camargo is a rather central figure," says Richard Gregorie, the former assistant U.S. attorney who put together the original indictment against Mr. Noriega. "He can confirm a lot of what happened."

Raid on the Cartel

Mr. Camargo confirmed grand-jury testimony by former Noriega aide Jose Blandon, the only other Panamanian who directly participated in the supposed talks with Mr. Castro. Corroboration of Mr. Blandon's testimony is critical; prosecutors are concerned that the defense will unearth details of Mr. Blandon's bitter parting with Mr. Noriega and will impugn as vengeful Mr. Blandon's motive in testifying.

Mr. Blandon has testified to the Miami grand jury that Mr. Noriega raided a Medellin cartel cocaine facility in Panama, despite an apparent agreement to allow its construction for a payment of several million dollars. Mr. Blandon told the grand jury that, during talks held in Havana, it was agreed that the cartel's payment would be returned, along with the cocaine laboratory equipment, 21 Colombian prisoners, two airplanes and a helicopter.

Another potential government witness, Enrique Pretelt, a friend and frequent

traveling companion of Mr. Noriega, has also corroborated details regarding Mr. Castro's involvement, a senior U.S. official said. Mr. Pretelt has confirmed to investigators that Mr. Castro and Mr. Noriega met privately for three hours on the evening they allegedly concluded a peacemaking agreement with the Colombians.

Mr. Pretelt, who is the only person other than Mr. Noriega charged in the Tampa case, is discussing a plea bargain with law-enforcement authorities, a senior U.S. official said. Mr. Pretelt is in federal prison in Marion, Ill.

Challenging the Arrest

Prosecutors also have recovered flight logs from the Cuban trip and stamped passports of several Panamanians who traveled with Mr. Noriega on a flight to Cuba. The documents show that Mr. Noriega had his pilots inform officials at New York's La Guardia Airport that they were flying to the Bahamas—and that he then directed the plane to Cuba.

Prosecutors haven't found it so easy to corroborate the testimony of convicted drug trafficker Steven Michael Kalish, a key witness in the Tampa case. Mr. Kalish failed lie detector tests shortly after the original February 1988 indictment on an important financial aspect of the case, a government official says. Mr. Kalish's lawyer, Samuel Buffone, declines to comment on the Noriega case.

Noriega defense attorneys, meanwhile, are trying to have the charges in Miami dismissed. Having failed to convince the judge that Mr. Noriega can't be tried because he is a prisoner of war, these lawyers say they will contend that Mr. Noriega was arrested under such shocking conditions that he ought to be set free.

John May, one of Mr. Noriega's lawyers, concedes that he can't cite a relevant precedent of a U.S. court having accepted this argument as grounds to dismiss a case. Nevertheless, the lawyer says: "We

believe it is impermissible for a nation to kill, wholesale, men, women and children to bring one man to trial. What if the 82nd

Airborne dropped into your neighborhood and killed everyone there to eventuate one arrest?"

(Mount Clipping in Space Below)

The Free Ride Has Ended for Noriega's Cronies

By JOSE DE CORDOBA

Staff Reporter of THE WALL STREET JOURNAL

COCOSOLO, Panama—Sweating stevedores load boxes of electronic gadgets, foodstuffs and clothing on rusty tramp steamers that line the long pier jutting into the Caribbean Sea.

When Gen. Manuel A. Noriega's military controlled this port, most of the cargo leaving Cocosolo was contraband bound for Colombia's wild, marijuana-shipping Guejira peninsula. Now that Gen. Noriega is in a Miami prison cell awaiting trial on drug charges, most of the cargo leaving this smuggler's paradise, a stone's throw from the billion-dollar bazaar of the Colon Free Zone, is still contraband.



Manuel Noriega

But there is one big difference. Transit S.A., a company that for years taxed all merchandise coming out of Cocosolo and which Panamanian officials say was a gold mine for Gen. Noriega and the military, is out of business.

"You don't know how happy we are," says Oswaldo, a cigar-smoking shipping agent, sitting on sacks of contraband popping corn warehoused here. Oswaldo's biggest cost, larger than labor and transport together, was the money he paid to Transit, which collected a fee equal to 1% of the value of all merchandise plus \$1.50 a package. (Oswaldo asked that his full name not be used so as not to embarrass a relative in the post-Noriega government.)

Cocaine smuggling is just one of the many sins alleged against Gen. Noriega and the military. But they also had a wide range of legitimate and semi-legitimate business interests, of which Transit was only one.

Now most of those lucrative businesses are being shut down. Some, such as a chain of newspapers taken over by the mil-

itary years ago, have been returned to their owners. Panama's attorney general has frozen the accounts of about 200 companies and people associated with Gen. Noriega. Most of the deposed strongman's business associates are keeping a low profile.

'Too Fat to Fight'

For most high ranking military men, the business of the Panamanian Defense Forces was business. That is why most top officers fled during the U.S. invasion, says former Noriega Commerce Minister Mario Rognoni. "The coronels were too fat to fight, and Noriega was the fattest of all," says Mr. Rognoni, who himself is far from trim. "They were making too much money."

Gen. Noriega and his high command firmly believed in privatizing government functions. The catch was that the military and its cronies quickly usurped those functions. Among other things, the military controlled the customs and immigration services and made millions from contraband and selling passports and visas to desperate Cuban and Asian immigrants. Military-controlled companies took over other government functions.

Transit S.A., for one, imposed a "sin tax" on contraband leaving Cocosolo. The firm's last tax report shows income of about \$4 million, but estimates of its earnings range upwards of \$40 million. Panamanian officials say Transit was nothing but a slush fund for the military, and that Gen. Noriega and the high command drew thousands of dollars weekly from the firm. "Transit had no reason for being," says Finance Minister Mario Galindo, who has ordered its offices closed. Carlos Duque, Transit's president and Gen. Noriega's handpicked candidate for president in last year's annulled elections, denies that the company had any ties to the military.

A few miles away, in a basement office in a Panama City residential area, another military-linked company lingers on.

"I'm just an office worker," says Socrates Solanilla, sullen but elegant in Italian-style slacks as he minds the telephone at Panama Marinexam S.A. He had much to

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P. A-16

The Wall Street Journal

New York, NY

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be glum about. The Finance Ministry had just frozen the firm's profitable business.

For prices ranging from \$45 to \$100 a head, Panama Marinexam certified the seamanship of 250,000 sailors and officers who man thousands of Panama-flag vessels. Gen. Noriega's name isn't on the company's public records, but his thumbprints are: Among the company's stockholders is the wife of the general's brother-in-law, and Gaspar Wittgreen, Panama's recently sacked ambassador to France, who is reputed to be the general's most important bagman. The government has now revoked Marinexam's contract to certify seamen, but the Panamanian comptroller's office estimates that in the past six years the firm earned \$16 million for the general and his friends.

Business of Love

Gen. Noriega and the military were even in the business of love. Reportedly, the military had hidden ownership or extracted payments from the country's brothels and "love motels" that line the road to the airport.

Over in the Colon Free Zone, which was run for a couple of years by Gen. Noriega's psychologist, merchants suspect the general and other officers have an interest in about a dozen companies. Given the anonymity provided by Panama corporations, ownership is hard to prove. But U.S. analysts are combing mountains of records seized in the invasion in hopes of shedding light on the general's business dealings.

Many Panamanians say that the free zone, separated from the slums of Colon by concrete walls topped with barbed wire, has been a gold mine for the military and its friends. To get a business started in the zone, says Panama City lawyer Jose Luttrell, merchants had to make huge and illegal "turnkey" payments. He says he negotiated one with a fixer close to the military for \$100,000. Once in the zone, thousands of dollars were paid to get any type of business license, says Ernesto Fernandez, vice president of the free zone users' association. "Everything was for sale."

The free zone also provided access to contraband that the military provided to business allies and front men in Panama City. Businessmen in Panama City note with suspicion that in the past two years, a period when legitimate financing wasn't to be had, several merchants built huge stores almost overnight.

The end of military rule should put an end to this unfair competition, retailers say. "This means that everyone now has to play with the same rules of the game," says Alfredo Maduro, the former head of Panama's chamber of commerce.

But it seems unlikely that retribution is in store for most businessmen who made fortunes from military connections. For one thing, Panama is a small country where many feel it is wiser to forgive and forget. And, businessmen say, most of their colleagues reached a modus vivendi with the military during its 21-year rule.

"We have to look to the future," says Mr. Galindo, the finance minister. "If a helmsman navigates a ship looking backwards, he'll have a shipwreck."

(Mount Clipping in Space Below)

5 drug defendants convicted

LAFAYETTE, La. (AP) — A federal jury Wednesday convicted five men, including two from Florida, on charges accusing them of smuggling a ton of cocaine into Shreveport and trying to smuggle another ton into Lubbock, Texas.

Cesar Cura of Medellin, Colombia; Richard Goldberg of Manhattan Beach, Calif.; Roger Dale Collins of Valrico, Fla.; Carl Tangredi of Beaumont, Texas; and Jim Bourgeois of Lake Wales, Fla., were convicted after a three-week trial.

The men were charged with conspiracy to smuggle cocaine into and distribute it in the United States. U.S. District Judge John Shaw dismissed cocaine distribution charges against Collins and Bourgeois on Friday.

The trial was the second of three stemming from a 1988 indictment accusing 187 people of involvement in a huge marijuana and cocaine ring. Forty-six have pleaded guilty, four of 20 defendants in the

first trial were convicted, and 20 more are to go on trial April 16.

Cura, who is serving a 15-year sentence for a previous conviction on drug charges and faces trial in Tampa in the case involving former Panamanian strongman Manuel Noriega, waived his right to a presentence investigation, said attorney Jack Blumenfeld.

Shaw set March 14 as Cura's sentencing date.

He ordered presentence investigations on the other four men and warned them that failing to show up for sentencing could bring more charges against them.

The case centered around three proposed shipments of cocaine, only one of which — a 775-kilogram shipment flown into Shreveport in March 1984 — got through.

Cura was accused of supplying cocaine to the main men in the smuggling ring, Steven Michael Kalish and Albert "Chick" Fortna, who also were the government's star wit-

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The Tampa Tribune
Tampa, Florida

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nesses.

Kalish testified that Cura said he could supply Kalish with all the cocaine he could get into the country.

Cura claimed to have drug/business ties to Pablo Escobar and Jorge Ochoa, two men U.S. authorities tag as Colombia's most powerful drug lords, Kalish testified.

Urena, who admits to having been a major distributor of cocaine in Tampa, received a suspended sentence when he pleaded guilty to conspiracy charges and agreed to cooperate with the government.

Urena said it was his understanding that Collins and Bourgeois, of Lake Wales, Fla., also were distributors for Fortna.

Kalish is serving 10 years for drug trafficking crimes and testified that he should be released in mid-1993. Fortna is serving an 81-year sentence for cocaine trafficking in Texas, and a 17-year concurrent sentence for a continuing criminal enterprise conviction.

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(Mount Clipping in Space Below)

Noriega co-defendant denies taking part in illegal activity

By RON BARTLETT
Tribune Staff Writer

TAMPA — A co-defendant in Manuel Antonio Noriega's Tampa drug case concedes he accompanied Noriega on a 1983 trip to Washington to meet with former CIA Director William Casey.

Enrique "Kiki" Pretelt also acknowledges that he flew to Havana with the former Panamanian strongman in 1984 for talks with one of Casey's arch-enemies, Cuban President Fidel Castro.

But Pretelt says he was there strictly to socialize. And, he says, the U.S. government has the documents to prove it.

On Thursday, Pretelt's attorney filed motions in U.S. District Court in Tampa seeking access to classified U.S. documents he says will show his client's frequent contacts with Noriega did not involve drug-smuggling or money-laundering.

"The government's case involves guilt by association, but only the government has information which can disprove these allegations,"

Clearwater lawyer George E. Tragos wrote.

The 47-year-old Pretelt, who ran a chain of high priced duty-free shops in Panama, and Noriega are charged with taking bribes from Tampa-based drug smugglers to help ferry \$300 million worth of Colombian marijuana safely through Panama.

Pretelt surrendered to FBI agents in Panama Jan. 17 and immediately was flown to Tampa. He has been held at an undisclosed location since. Federal sources say they have been debriefing Pretelt in an effort to strike a deal, but Tragos says he's preparing to go to trial.

During November 1983, Noriega made a trip to Washington to seek U.S. approval for the election of Nicolas Ardito Barletta as Panama's president, the motions say. Pretelt went along.

Noriega met separately with Langhorn E. Motley, then assistant secretary of state for inter-American affairs; with former Marine Lt. Col. Oliver North and other repre-

(Indicate page, name of newspaper, city and state.)

P.17-A

The Tampa Tribune

Tampa, Florida

Date: 3/16/90

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representatives of the National Security Council; and with CIA officials, the motions say.

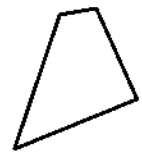
Pretelt "was not present at any of the official discussions and was again only present for social gatherings with General Noriega," Tragos wrote.

He said Pretelt also was just socializing when he and Noriega went to Cuba in July 1984 to meet with Castro and other top Cuban officials.

Tragos is seeking records from the Bank of Credit and Commerce International, which he says will prove that Pretelt was not involved in illegal activity. The bank pleaded guilty to money-laundering charges in Tampa in January.

He also is asking for government records on Cesar Rodriguez, an unindicted co-conspirator in the Tampa case; and on Diaz Herrera, a former Israeli intelligence officer.

Rodriguez was shot to death in Colombia in March 1986. Herrera is alleged to have operated an arms supply network in Panama.



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FBI probes mystery videotape of Noriega in jail

A Knight-Ridder Report

MIAMI — The FBI is trying to figure out how someone surreptitiously videotaped deposed Panamanian leader Manuel Noriega in his cell, smuggled it out of a south Dade County prison and put it up for sale to the highest bidder.

But the tape has all the appeal of a home movie, network TV officials who saw the tape — and passed — said Tuesday.

A television industry source who viewed it said the footage, which is silent and dimly lit, runs for about

five minutes. It shows Noriega's cell, and the general walking around, reading a newspaper and sitting on a cot.

Marketable or not, the tape caused a furor Tuesday among defense attorneys, federal prosecutors and law enforcement officials. They wanted to know how anyone could

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Tampa Tribune

Tampa, FL

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have gained access to Noriega inside South Dade's Metropolitan Correctional Center.

U.S. District Judge William Hoeveler met privately for 20 minutes in his chambers with defense and government attorneys. The participants included U.S. Attorney Dexter Lehtinen, assistant U.S. at-

torneys Myles Malman and Michael "Pat" Sullivan, and Noriega lawyer Steven Kollin, who requested the session.

"Allegations that a videotape was made of Gen. Noriega have been referred by me to the FBI," Lehtinen said as he left Hoeveler's office.



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Noriega said videotaped

MIAMI — The FBI was asked Tuesday to investigate reports that Manuel Noriega was secretly videotaped in his federal prison cell, U.S. Attorney Dexter Lehtinen said. The videotape was thought to be made by a prison employee and was being offered for sale to television networks by a lawyer, according to Miami television station WPLG.

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St. Petersburg Times
St. Petersburg, FloridaDate: 3/21/90
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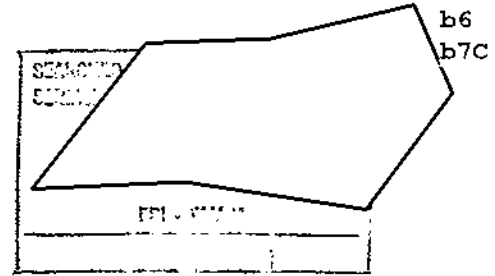
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12B-997 Sub A-95



Arrested man may be wanted in Panama

By STEVE CANNIZARO
Staff writer

There was something suspicious about the short, dark-haired man who arrived in New Orleans Monday night aboard a Lacsa Airlines flight from San Pedro Sula, Honduras.

His Panamanian passport said his name was Porfirio Miranda-Cedeno, but when agents looked at it, it seemed to be altered.

They questioned him, and he admitted the passport belonged to his brother and had been altered. He said his real name is

Otilio Miranda-Cedeno.

Now, federal officials believe he is wanted in Panama on charges of stealing money under the former administration of Gen. Manuel Noriega.

"We're looking into the possibility he's wanted in Panama," U.S. Attorney John Volz said. "We think he could be important."

U.S. Magistrate Michaelle P. Wynne ordered him held without bond Tuesday, pending a hearing on Thursday.

He is held on a complaint charging him with trying to use a

false passport to enter the United States. The maximum penalty is five years in prison if convicted on that charge, authorities said.

Information was sketchy on Tuesday, but John B.Z. Caplinger, director of the immigration office in New Orleans, said there is suspicion that Miranda-Cedeno was involved in the theft of several million dollars in Panama.

Panamanian newspapers have said that a man with the same name is wanted there, he said.

No money was found at the time of the arrest, authorities said.

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Panamanian guilty in drug case

Enrique A. Pretelt, in a plea bargain, agrees to testify against Manuel Noriega and others, helping the United States' case.

By BRUCE VIELMETTI
Times Staff Writer

TAMPA — Manuel Noriega's co-defendant in a Tampa drug case pleaded guilty Friday to planning to smuggle 400,000 pounds of marijuana into the United States and to helping launder drug profits in Panama.

Enrique A. Pretelt's cooperation could solidify the drug-smuggling case against Noriega, the deposed Panamanian dictator awaiting trial in Miami.

In his plea agreement, the Panamanian said Noriega was a silent partner in Servicios Turisticos S.A., a corporation formed to launder drug money raised by former Tam-

pa-based smuggler Steven Kalish.

Pretelt agreed to testify against Noriega and others, including five international bankers on trial in Tampa on money-laundering charges, and to help other unidentified governments. He also agreed to forfeit \$108,000, representing profits he made while working with Kalish.

The government is to recommend Pretelt not be prosecuted in Panama and that he not be deported should he decide to stay in this country following his imprisonment.

"Those were biggies," and crucial to Pretelt accepting the bargain, said his attorney, George Tragos of Clearwater.

U.S. District Judge William J. Castagna set sentencing for Aug. 16. Pretelt faces a maximum penalty of 20 years, but the government has suggested 10 years, and he could be sentenced to even less time.

As soon as possible, Pretelt will be moved from his undisclosed jail to the federal prison at Homestead Air Force Base.

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PAGE 1B

ST. PETERSBURG TIMES

ST. PETERSBURG, FL

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The government also agreed to count No. 2 of the indictment, which charged Pretelt with trying to import 1 million pounds of marijuana into the United States on a barge in early 1984.

Pretelt, 47, whose family runs a jewelry business, surrendered to the FBI in Panama in January. He and Noriega were charged in a 1988 indictment with conspiring with Kalish and Cesar Rodriguez, now dead, to import 400,000 pounds of marijuana to the United States from Panama in 1984. Pretelt, Noriega and Rodriguez got a \$500,000 down payment on the \$4-million they were supposed to earn.

The ringleader, Kalish, was arrested before the deal was completed.

In Miami on Friday, a federal judge dismissed defense motions that Noriega should be freed because the United States had no right to prosecute him on the drug-trafficking charges.

— Information from the Associated Press was used in this report.

(Mount Clipping in Space Below)

Noriega co-defendant sentenced

MIAMI (AP) — The first of Manuel Noriega's co-defendants to be punished in a drug smuggling case was sentenced Thursday to 30 months in prison; but may only have to serve 15 more months.

Panamanian pilot Eduardo Pardo, who already has served five months, has co-operated with the U.S. attorney's office in its investigation of the deposed Panamanian leader. He will continue to co-operate, his attorney told U.S. District Judge William Hoever.



Pardo, 44, pleaded guilty in February to one count of illegal travel for flying \$800,000 in cocaine profits from Florida to Panama in 1983.

Pardo had faced a maximum five-year federal prison sentence and a \$10,000 fine.

Assistant U.S. Attorney Michael Sullivan recommended leniency for Pardo. He said the defendant had turned over evidence, including his flight log, that helped investigators track the movements of other co-defendants.

"We intend to talk to him more," Sullivan said.

Tears ran down Pardo's face as his attorney, William Meadows, pleaded for probation. Pardo declined an opportunity to speak on his own behalf.

He pleaded guilty "because he knew that he did something wrong," Meadows said.

Under sentencing guidelines, Pardo would be freed in 20 months, including five already served. But Hoever made a point of telling Meadows he would welcome a motion to reduce the sentence if Pardo continued cooperating with investigators.

(Indicate page, name of newspaper, city and state.)

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THE TAMPA TRIBUNE

TAMPA, FL

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Noriega loses jurisdiction fight; co-defendant enters guilty plea

MIAMI (AP) — Manuel Noriega's legal defense suffered two setbacks Friday — a Miami federal judge rejected his challenges to U.S. jurisdiction, and a co-defendant in Tampa agreed to testify against the deposed Panamanian leader.

In Miami, U.S. District Judge William Hoever issued an 80-page ruling dismissing defense motions that argued Noriega should be freed because the United States had no right to prosecute Noriega.

The defense claimed that Noriega, as a head of state, had immunity for his actions, and that in any case, could not be prosecuted for activities outside the United States.

They had also argued the U.S. invasion of Panama was so bloody it should "shock the conscience," which a federal appeals court has ruled can be grounds for dismissing an indictment.

On Friday, Hoever rejected all those arguments.

"Given the serious nature of the drug epidemic in this country; certainly the efforts of the U.S. to combat the problem by prosecuting conduct directed against itself cannot be subject to the protest of a foreign nation profiting at U.S. expense," the judge said.

The judge said the argument that Noriega had "sovereign immunity" as head of state failed because the United States never recognized him in that role.

And he sidestepped the invasion issue, saying the defense wanted him to evaluate political actions.

In Tampa, meanwhile, the only co-defendant in Noriega's parallel Tampa drug indictment pleaded guilty Friday and agreed to testify that Noriega was his "silent partner" in a trafficking ring.

Panamanian businessman Enrique A. "Kiki" Pretelt, 47, entered his negotiated plea before U.S. District Judge William J. Castagna, who

scheduled sentencing for Aug. 16. Pretelt faces up to 10 years in prison under the agreement.

Pretelt admitted conspiring with Noriega and others to violate the drug laws of the United States and stipulated the government could prove he, Noriega, Steven Kalish and deceased co-conspirator Cesar Rodriguez formed a business partnership through which drug proceeds could be laundered.

He also stipulated the government could prove he, Noriega and Rodriguez were to be paid \$4 million for helping with the marijuana smuggling operation.

Pretelt pleaded guilty to conspiracy to import and possess with intent to distribute more than 1,000 pounds of marijuana, and attempting to smuggle about 400,000 pounds of marijuana into the United States.

Pretelt's plea agreement said Noriega and the other partners each received a commission every

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Manuel Noriega has been indicted in Miami and Tampa.

time Kalish deposited drug proceeds in Panamanian bank accounts.

Kalish has pleaded guilty to other drug charges and is cooperating with the government.

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Noriega drug partner receives 10-year term in prison

TAMPA — A Panamanian jeweler who pleaded guilty to being a partner with Manuel Noriega in a scheme to smuggle 400,000 pounds of marijuana was sentenced to a 10-year prison term Thursday.

In June, Enrique A. "Kiki" Pretelt admitted conspiring with the deposed Panamanian despot and a Tampa-based smuggling ring to smuggle the marijuana to New York in containers of plantains.

U.S. District Judge William J. Castagna imposed the maximum sentence on Pretelt.

But the judge allowed Pretelt to be immediately eligible for parole and said the government could move to reduce the sentence once Pretelt testifies against Noriega.

The 47-year-old Pretelt is expected to be one of the government's main witnesses against Noriega when the former Panamanian dictator goes on trial next year in Miami.

George Tragos, Pretelt's attorney, said his client's testimony would be a "big gun" in the Noriega trial.

"(Pretelt) is probably the best witness the government has got," Tragos said. "He was one of Noriega's best friends and he's going to be fairly devastating to Noriega's defense."

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TAMPA TRIBUNE

Tampa, Fla

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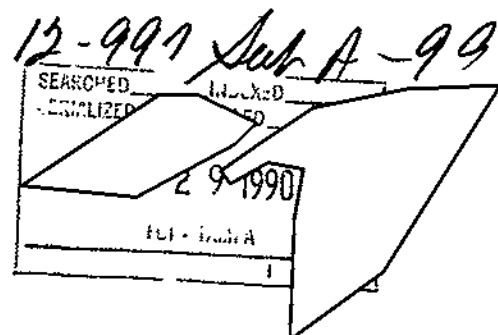
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But Jon May, one of Noriega's Miami attorneys, called Tragos' comments "utter nonsense."

"I doubt Mr. Pretelt will have much credibility," May said.

Michael Sullivan, one of the Miami-based U.S. attorneys who will prosecute Noriega, was among those who spoke on Pretelt's behalf. He praised Pretelt's cooperation, saying the jeweler has provided substantial information about Noriega.

Pretelt asked Castagna for leniency during the 50-minute sentencing hearing, saying he was sorry and was trying to make up for his crime by cooperating with investigators.

"I worked hard in my lifetime to build a good name and that's now gone," he said.

Pretelt pleaded guilty to conspiring with Steven Michael Kalish, the field manager of the Tampa-based smuggling ring, Noriega and Cesar Rodrigues-Contreras, another Noriega crony who was assassinated in Medellin, Colombia.

Kalish, during testimony before a U.S. Senate subcommittee in January 1988, said his group paid Noriega \$4 million to use Panama to smuggle 1.4 million pounds of marijuana and to use the country's banks to launder the ring's profits.



Steven Michael Kalish, left, and Enrique "Kiki" Pretelt have both admitted conspiring with former Panamanian strongman Manuel Noriega.

(Mount Clipping in Space Below)

Noriega's defense depends on hearing

MIAMI (AP) — A crucial hearing on deposed Panamanian leader Manuel Noriega's right to use classified government secrets in his drug-trafficking defense began Friday behind closed doors.

Noriega, who was at the hearing, wants access to thousands of government documents to bolster his contention that any links he had to cocaine smuggling had the approval of U.S. intelligence agencies.

The hearing lasted all day Friday and was scheduled to resume this morning and continue next week. U.S. District Judge William Hoeverler will decide what documents are relevant.

"The idea is to decide in advance so we don't have to do it at trial," the judge said.

"Our whole defense is based on General Noriega's relationship with various intelligence communities of the United States," defense attorney Frank Rubino said during a break in the hearing. "If we can't show that relationship, it cuts our defense at the knees."

Noriega faces drug and racketeering charges, including accusations that he accepted bribes from Colombia's Medellin cocaine cartel to protect its shipments and laboratories in Panama.

The doors to Hoeverler's courtroom were locked for the hearing under the Classified Information Procedures Act, which regulates the

handling of government secrets in criminal trials.

Court personnel who spoke on condition of anonymity said attorneys for the CIA and State Department attended the session, along with the prosecution team and Drug Enforcement Administration agents.

Prosecutors refused to talk to reporters Friday, but in documents filed before the hearing, the government sought to severely limit Noriega's access to secret papers.

"The government has conceded as relevant documents setting out the fact that Noriega was paid by the Army and the Central Intelligence Agency for certain liaison services, counter-narcotics efforts and intelligence information," Assistant U.S. Attorney James McAdams wrote.

Any other documents, he said, had nothing to do with the drug charges against Noriega.

The government has previously acknowledged that Noriega received about \$320,000 from the Army and CIA, but the defense has claimed he also had access to a multimillion-dollar "slush fund."

Rubino has suggested that Noriega's role in any drug trafficking could have been part of a U.S.-sponsored "guns-for-drugs" trade to finance the Nicaraguan Contra rebels in the 1980s.

The government has strongly denied any knowledge of alleged Contra drug involvement.

The defense also has said Noriega supplied the CIA with secrets about Cuba, and performed covert operations for the United States, even giving the agency inside information on Panama's position during the Panama Canal treaty negotiations in the 1970s.



Noriega

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Tampa Tribune

Tampa, Fla

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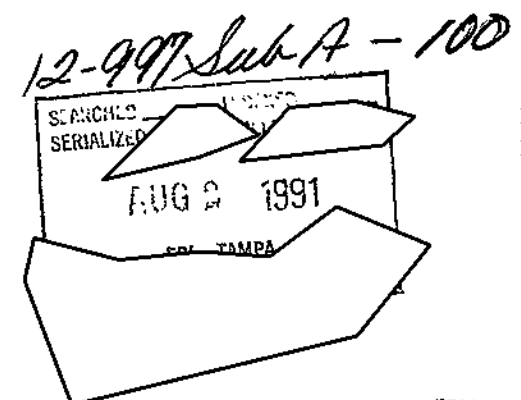
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THE WASHINGTON POST

WASHINGTON, DC

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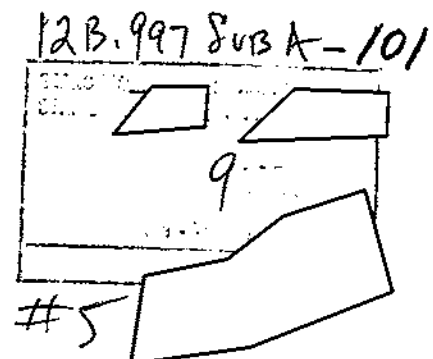
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Convicted Trafficker Describes Noriega's Links to Drug Cartel

Panamanian Allowed Use of Airport, Trial Is Told



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By Ricardo Castillo
Special to The Washington Post

MIAMI, Nov. 19—Carlos Lehder, once described by U.S. authorities as the most notorious drug trafficker ever apprehended, testified today that former Panamanian leader Manuel Antonio Noriega personally met high-ranking leaders of the Medellin drug cartel in 1982 to reach agreement to ship drugs to the United States through Panama.

The pact, which came as the cartel desperately sought new smuggling routes, included complete access to Tocumen international airport in Panama and nearby warehouses and safe-landing guarantees at alternative airstrips in the Atlantic zone of Panama, Lehder testified.

In return, Noriega was to receive \$1,000 for each kilogram of cocaine and a percentage of every dollar of drug proceeds flown to Panamanian banks.

Lehder is by far the most controversial government witness to appear in Noriega's two-month trial in U.S. District Court for drug trafficking and racketeering.

Lehder, captured in a Colombian jungle hideout in 1987, is a professed admirer of Adolf Hitler and once called cocaine a "revolutionary weapon against U.S. imperialism." He was sentenced to life plus 135 years in prison in 1988.

But this summer, as federal prosecutors sought to bolster their case against Noriega, they negotiated an agreement with Lehder for his testimony. Under the deal, Lehder was relocated from the prison at Marion, Ill., the federal government's most secure penitentiary, to another prison where he was given a new identity under the witness protection program.

In addition, Lehder testified today, the government promised "to look after" his family. Eight of his family members, including his wife and three children, were brought to the United States from Colombia and are protected.

Also as part of the bargain, Lehder confessed to his crimes today for the first time, saying he smuggled 15 tons of cocaine into the United States. Looking pale after almost four years at Marion, Lehder testified that 60 percent of cocaine shipped by the cartel to the United States in the early 1980s came through Panama.

Lehder testified that, in March 1982, a delegation headed by cartel bosses Gustavo Gaviria, Pablo Correa and Alonso Cardenas went to Panama to meet personally with "officer Noriega," as he continually referred to the deposed Panamanian general.

"By the end of February," Lehder said, "a Bahamas trafficking route had been shut down. We were desperately looking for alternative routes. We needed a place to plug our cocaine pipeline to the U.S., and Panama was the precise place for that."

"... We were given free landing access at Tocumen. Our planes had a specific radio frequency, so they would be given green light by the tower when approaching," Lehder testified. "Also, we would use the warehouses of a Panamanian airline, INAIR, the cartel had purchased to stash the cocaine." He said INAIR later would be used to transport cocaine.

Lehder testified that these landings were "protected by G-2 people." G-2 was the Panamanian Defense Forces intelligence branch, at the time under the direction of then-colonel Noriega.

Although Lehder said he never met Noriega, he testified that Noriega visited Medellin bosses in 1983 to iron out differences

Lehder is by far the most controversial government witness to appear in the trial.

with one of them, Pablo Escobar. While visiting Escobar's estate, known as Hacienda Napoles, Lehder said, "I saw a lot of helicopters and security people. They told me, 'El Tigre is here,' 'El Tigre is here,' and that was Noriega's nickname among the cartel."

In earlier testimony today, Ricardo Bilonick, a former Panamanian ambassador, said the cartel paid Daniel Ortega, Nicaragua's former president under the Sandinistas, to use his country for U.S.-bound cocaine shipments.

Bilonick, 44, said that, in May 1984, Escobar told him that Noriega had introduced Escobar to Ortega. Escobar told him that he and Ortega had made an agreement and then asked whether Bilonick could begin flying cocaine from Nicaragua to the United States aboard INAIR, a cargo line jointly owned by Bilonick and the cartel, Bilonick testified.

"Are you saying the cartel paid Daniel Ortega?" lead defense attorney Frank Rubino asked on cross-examination.

"Yes, sir," Bilonick answered.

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Noriega Trial Told of Cuban Drug Link

By Michael Isikoff
Washington Post Staff Writer

MIAMI, Nov. 20—Carlos Lehder, a convicted Colombian drug boss, testified today that high-level Cuban government officials, including Defense Minister Raul Castro, aided Medellin cartel efforts to smuggle cocaine into the United States in the 1980s.

In some of the most politically explosive testimony in the drug trafficking and racketeering trial of former Panamanian leader Manuel Antonio Noriega, Lehder testified that, during several visits to Cuba between 1981 and 1983, he twice met Castro, the number two figure in the government and brother of President Fidel Castro.

During the visits, Lehder said, he paid off unnamed Cuban officials and received permission to fly cocaine in Cuban airspace, "if necessary."

U.S. officials have charged for years that Cuban government officials were involved in the drug trade. Fidel Castro acknowledged as much two years ago when four high-ranking military officers were executed after a trial in which they were accused of conspiring with the Medellin cartel.

Lehder's testimony is the first to implicate Raul Castro directly and appeared designed to bolster a hotly disputed aspect of the government's case against Noriega—that Fidel Castro helped to mediate a dispute between the cartel and Noriega in Havana in July 1984.

Ariel Ricardo, press secretary for the Cuban interests section in Washington, called Lehder's allegations "stupid."

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THE WASHINGTONPOST

WASHINGTON, DC

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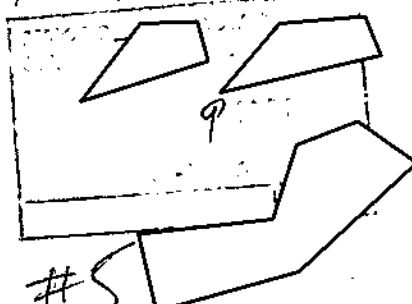
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"If I was Carlos Lehder and I received the same sweet deal from the prosecutors, I would say practically anything," he said. "What kind of integrity does a witness like this have for a jury?"

Lehder's appearance here has created considerable controversy, with critics charging that prosecutors have undermined their case by presenting him as a witness. A professed admirer of Adolf Hitler and founder of a neo-Nazi political party in Colombia, Lehder was the cartel's transportation chief throughout the 1980s and pioneered a highly efficient air smuggling operation that U.S. officials have said was largely responsible for creating the U.S. cocaine epidemic.

Last summer, prosecutors negotiated an agreement with Lehder. He has been transferred from the federal government's highest security prison at Marion, Ill., and eight members of his family have been permitted to move to the United States.

Prosecutors also agreed to tell Lehder's sentencing judge of his cooperation with the government, but sources close to the case said that is unlikely to bring Lehder's release in the foreseeable future. He is serving a prison sentence of life plus 135 years.

"It's really quite astonishing," said Jack Blum, who studied Lehder's operations as chief investigator for the Senate Foreign Relations subcommittee on narcotics and terrorism. "This is one of the main organizers of the cocaine trade into the United States. Clearly, Noriega was below him. Why are we giving him anything? Is this a propaganda trial?"

Prosecutors acknowledge that Lehder never met Noriega. Nevertheless, in his second day of testimony, Lehder laid groundwork today for further aspects of the government case. He said Noriega's 1984 dispute with the cartel arose when Noriega "wanted a bigger piece of the pie" and demanded larger payoffs than had been negotiated.

This led to a raid in May 1984 by his Panamanian Defense Forces on a cartel laboratory in Panama, provoking the dispute that Castro allegedly mediated.

Lehder said he and other cartel leaders moved operations to Nicaragua and worked with Manuel Pineiro, long a top aide to Fidel Castro and current head of the Cuban Communist Party's Americas Department.

Lehder also identified Alfonso Lopez Michelsen, former president of Colombia and current chairman of its governing Liberal Party, as the cartel's chief government contact in Colombia. During the 1982 presidential campaign, Lehder said, the cartel funneled more than \$900,000 to Lopez Michelsen. Two years later, Lehder added, the cartel ordered Justice Minister Rodrigo Lara Bonilla killed, in part because he was about to reveal cartel connections with Lopez Michelsen.

Lopez Michelsen said here tonight that Lehder's testimony was an "absolute lie." "This has all been investigated in Colombia, and it has been proven as a lie. . . . Do you think, if I was under such an accusation, I could be the head of the main party in Colombia?" he asked.

Special correspondent Ricardo Castillo contributed to this report.

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 PAGES 1A & 11A
 THE MIAMI HERALD
 MIAMI, FL
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Lehder: Cuba cleared drug flights

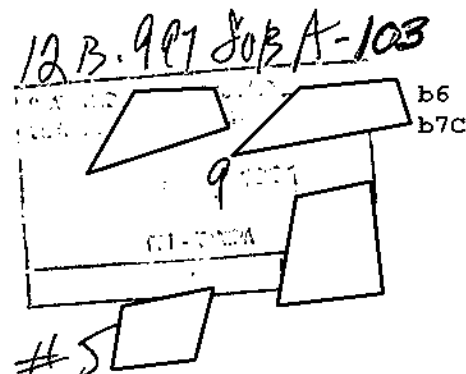
By DAVID LYONS
 Herald Staff Writer

Convicted Colombian drug trafficker Carlos Lehder testified Wednesday that top Cuban officials including Raul Castro, brother of President Fidel Castro, allowed Colombian drug lords to fly cocaine through the Caribbean island nation, and helped coordinate flights through Nicaragua during the 1980s.

Lehder, a former high-ranking insider of the Medellin cartel, said he held meetings with Cuban government figures between 1981 and 1983 to find alternate routes for U.S.-bound cocaine.

"I met with Raul Castro on two occasions," he told the jury in Manuel Noriega's Miami drug trial.

It was the first time that any witness has publicly testified that Raul Castro and other Cuban officials engaged in direct, face-to-face negotiations with Colombian drug traffickers. Lehder also said he met with Antonio de la Guardia, the late head of Cuba's intelligence service, his top assistant, Manuel Pinero, and





Carlos Lehder

Colombian smuggler Carlos Lehder told the Noriega jury he 'met with Raul Castro on two occasions' between 1981 and 1983 to find alternate routes for U.S.-bound cocaine.



Raul Castro

Maj. Amado Padron of the Interior Ministry.

In Washington, Ariel Ricardo, a spokesman for the Cuban Interests Section, told The Herald that Lehder was not a credible witness. The Cuban government has vehemently denied any complicity with Colombian drug

traffickers. In 1989, the government executed Gen. Arnaldo Ochoa, a military hero, as well as De la Guardia and Pedron for drug trafficking.

"If I was Carlos Lehder, and I received the same sweet deal with the prosecutors, I would say practically

anything," Ricardo said.

He was referring to Lehder's Aug. 28 cooperation agreement with the government, which calls for his relocation from a maximum security prison in Marion, Ill., and assistance in the relocation of eight family members from Colombia to the United States.

When Lehder applies for a reduction in his sentence, prosecutors have pledged to tell the judge in his case about his cooperation. But they are not making any recommendations.

Lehder, 42, is known by federal agents and prosecutors as a notorious cocaine smuggler who shipped up to 15 tons of cocaine to the United States through the Bahamas during the late 1970s and early 1980s. In 1988, he was convicted in Jacksonville for smuggling three tons through the Bahamian island of Norman's Cay — which he bought for \$1.2 million. He is serving a

PLEASE SEE NORIEGA, 11A

Cocaine flights were cleared by top Cubans, Lehder says

NORIEGA, FROM 1A

life sentence.

It was the second day of testimony for Lehder, who concluded his testimony dropping bombshell after bombshell. Lehder said that much of his information came directly from Pablo Escobar, who he called "the maximum leader" of the cartel.

Lehder's testimony about Raul Castro brought a gasp from the courtroom audience, which included nearly 50 reporters, Noriega's family and two dozen other spectators.

"Were you paying off any Cuban officials to allow flights?" asked Assistant U.S. Attorney Guy Lewis.

"Yes sir," replied Lehder, who added that he met with Cuban intelligence officials to set up similar routes through Nicaragua.

'Cubans were in charge'

"The Cubans were in charge of that cocaine conspiracy in Nicaragua," Lehder said. "It was not the Sandinistas."

He said the Sandinistas would not "lift a finger" without receiving a go-ahead from the Cubans first.

But he never said how much the Cubans were paid or when flights passed through the two countries.

Lehder also depicted Noriega as a two-faced operator who compromised agents of the U.S. Drug Enforcement Administration, extorted millions from the Medellin cartel, and summoned the Cuban government's help when business went sour with Colombian drug lords.

Lehder testified that in 1983, Noriega gave cartel leaders the names and locations of DEA agents who operated in Panama.

"I received a copy of the pictures and the addresses and the names ... that showed the DEA agents assigned to Panama," Lehder said.

Sold cocaine to cartel

For \$500,000, he said, Noriega sold the cartel a load of cocaine that his narcotics police had confiscated from a Panamanian trafficker. When a load of cocaine was seized from

Lehder testified that in 1983, Noriega gave cartel leaders the names and locations of DEA agents who operated in Panama.

Inair, a Panamanian cargo airline controlled by the cartel, Noriega arranged for his G-2 intelligence service to retrieve it.

But Noriega, he said, became greedy and demanded "a larger piece of the pie" for protecting the cartel's operations in Panama after the cartel was chased out of Colombia for assassinating Rodrigo Lara-Bonilla, Colombia's crusading justice minister.

Lehder also claimed that while traffickers were hiding in Colombia, they summoned former Colombian President Alfonso Lopez Michelsen to work out a compromise with the Colombian government. He said

that Lopez, now the leader of that country's Liberal Party, was on the cartel's payroll.

In 1982, he testified, the cartel loaned Lopez two aircraft, 10 chauffeured limousines and a helicopter for use in his 1982 presidential campaign. The traffickers also contributed nearly \$1 million to his election effort.

'A package of lies'

"It's a package of lies," Lopez told The Herald Wednesday.

"I've seen once in my life Lehder, and once in my life Escobar and [Jorge] Ochoa," he said. "I was authorized by the Colombian government at the time. I never used any planes or any helicopters belonging to them. I haven't received any money from them."

Lopez said he gave a deposition to a federal prosecutor from Miami last month, and was later subpoenaed to testify at Noriega's trial. But the Colombian government persuaded the State Department to quash the subpoena.

Diane Cossin, a spokeswoman for the U.S. Attorney's Office in Miami, declined comment.

(Mount Clipping in Space Below)

Drug Cartel Gave Contras \$10 Million, Court Told

Prosecution Witness Startles Noriega Trial

By Michael Isikoff
Washington Post Staff Writer

MIAMI, Nov. 25—The Medellin cartel, once branded by U.S. officials as the world's most violent and powerful drug-trafficking organization, made a \$10 million contribution to the U.S.-backed contra guerrillas fighting during the 1980s to overthrow Nicaragua's Sandinista government, a former cartel leader testified today.

In startling new testimony at the trial of deposed Panamanian leader Manuel Antonio Noriega, convicted smuggler Carlos Lehder, one of the founding members of the Colombian cartel, also implicated top political figures in the Bahamas and Colombia—major U.S. allies in the war on drugs—in cartel activities.

The testimony creates a problem for federal prosecutors who have vouched for his credibility and used him as a key witness in their drug-trafficking and racketeering case against Noriega.

Once described by U.S. government officials as the most notorious cocaine trafficker ever appre-

hended, Lehder was sentenced in 1988 to life plus 135 years. He acknowledged yesterday that he was testifying for the government in hopes of winning a reduced sentence that will allow him to return to Colombia. "As a foreigner, I believe eventually I will be deported back to my country before I die," he said.

Lehder's comments about the cartel's links to the contras could prove invaluable to Noriega's lawyers, who are expected to argue that the Central Intelligence Agency deliberately overlooked and even condoned close connections between the contras and drug traffickers allegedly affiliated with Noriega.

Lehder provided no details about the cartel's alleged financial contributions to the contras and appeared to give the testimony reluctantly under relentless cross-examination by Frank Rubino, Noriega's lead attorney.

Asked whether the cartel had shipped cocaine to the United States using the Costa Rican ranch

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Cartel Game Contras Cash, Trial Is Told

NORIEGA, From A1

of American John Hull, a principal figure in the secret contra resupply network organized by then-White House aide Oliver L. North, Lehder said that "could have been" true but that he had no direct knowledge of it.

Then Rubino asked whether the cartel had contributed directly to the contras. "To the best of my recollection, there was some contribution to the contra anti-communist movement," Lehder replied. "It could be around \$10 million."

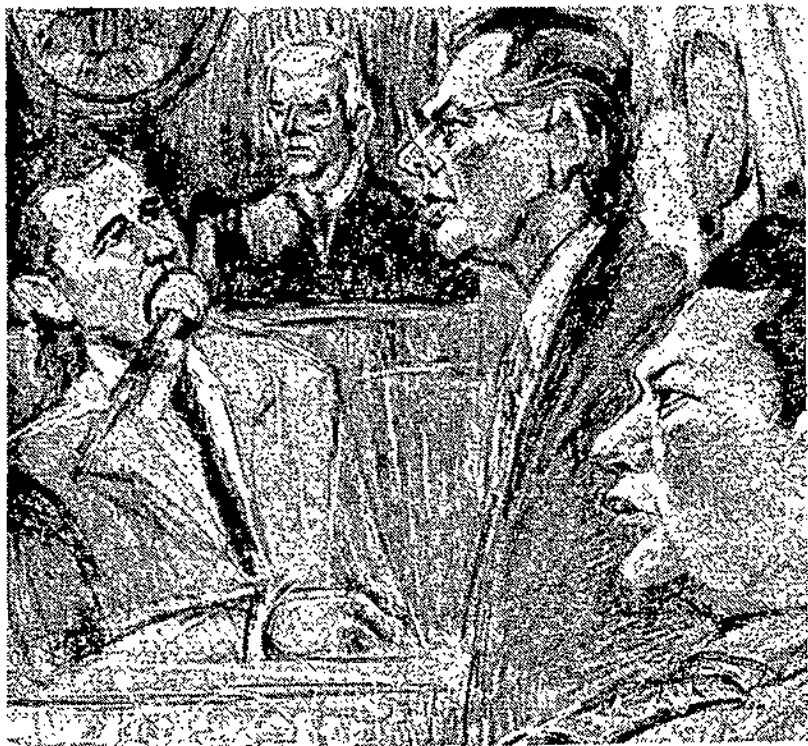
Asked if he personally participated in the contribution, Lehder responded, "Apparently, I did."

Adolfo Calero, former chief of the Nicaraguan Democratic Front, the principal CIA-backed contra organization, immediately denounced the testimony in a telephone interview. Calero said that all of the \$33 million privately raised for the contras had been accounted for in the Iran-contra investigation by independent counsel Lawrence Walsh and that not a cent had come from drug traffickers.

"I never heard anything like it before," Calero said here. "I don't know what credibility can be given to what a convict in jail testifies to . . . He is the lowest form of human being."

Mary Belcher, a spokeswoman for Walsh in Washington, declined to comment on Calero's remarks. But sources familiar with Walsh's inquiry noted that it dealt with the period of October 1984 to October 1986 during which Congress banned U.S. military support for the contras. The ban was circumvented by North's resupply operation. Persistent allegations, and testimony in other drug trafficking trials, have held that private pilots hired to carry military equipment secretly to the contras emptied their planes of that cargo in Central America and carried drugs on the return trips to the United States.

Lehder did not say when the money was given, or whether it was in exchange for anything. Noriega's defense team has subpoenaed a number of Reagan administration



Drug kingpin Lehder, far left, is cross-examined by defense attorney Rubino, second from right, as Noriega, right, and Judge William Hoeveler look on.

officials, including North and former U.S. ambassador to Costa Rica Lewis Tambs.

During the mid-1980s senior Reagan administration officials repeatedly denied allegations of links between the contra and drug traffickers.

Nevertheless, Jack Blum, chief investigator in a Senate Foreign Relations subcommittee probe into those alleged ties, said today that Lehder's testimony appears similar to allegations made before the panel in 1987 by Ramon Milian Rodriguez, a former cartel money launderer.

Milian testified that, in 1983, he had funneled \$10 million on behalf of the cartel to the contras at the request of Felix Rodriguez, alias Max Gomez, a former CIA agent working with the contras, who had close ties to Donald Gregg, then national security adviser to Vice President Bush and now U.S. ambassador to South Korea.

Rodriguez angrily denied the charges, and the Senate panel ul-

timately concluded that Milian lacked credibility after he failed a polygraph test.

Blum said Lehder's testimony raises new questions primarily because "it is against his interest" to say anything federal prosecutors do not want him to say. "This leaves the government in an astonishing position," Blum said. "He's their witness, and they can't impeach him . . . Under the circumstances, you have to ask why would he [Lehder] put this out."

Lehder also testified he personally made five contributions totaling \$500,000 to the political party of Bahamian Prime Minister Lynden Pindling. "I needed the best protection I could afford," Lehder said.

Pindling has been the subject of several drug investigations, most recently by the U.S. attorney's office in Tampa after testimony during Lehder's trial in 1988 that he took payoffs from drug traffickers. But no indictments resulted, and Pindling repeatedly has denied links to drug traffickers.

12-997 Sub A-105

Witness: Noriega Moved \$19.3 Million Via BCCI

Funds Were Shifted After Drug Indictments

By Michael Isikoff
Washington Post Staff Writer

MIAMI, Dec. 9—Within days of Manuel Antonio Noriega's indictment on federal drug charges, senior officials of the Bank of Credit and Commerce International arranged for the former Panamanian leader to transfer \$19.3 million from London to Luxembourg to take advantage of bank secrecy laws, a former BCCI officer testified today.

After Noriega expressed concerns about the safety of his money at BCCI's branches in London, former BCCI officer Amjad Awan told the court, "I spoke to the president of the bank," Swaleh Naqvi. Naqvi recommended the transfer because "Luxembourg is perceived to have more bank secrecy laws," Awan said.

BCCI is at the center of an international banking scandal involving allegations of fraud, money laundering and numerous other irregularities. Today's testimony by Awan, former marketing chief for BCCI's Latin American division, provided new details about how the bank allegedly attempted to shield Noriega, one of its premier customers, from U.S. and congressional investigators.

Awan, who is cooperating with federal investigators following his conviction last year on money laundering charges, was called as one of the final prosecution witnesses in Noriega's drug trafficking and racketeering trial. Between 1982 and 1988, Awan said he served as Noriega's personal banker, opening up what he described as a "secret" account in Noriega's name, repeatedly picking up hundreds of thousands of dollars in cash deposits from Noriega's home and office and then transferring the funds by wire to BCCI accounts in London.

But the Pakistani banker's testimony was only marginally helpful to the government because Awan could not say that he was aware of the source of the funds. Although prosecutors have argued that they came from drug traffickers, Noriega's lawyers say it was derived from other sources, including the CIA, which had Noriega on its payroll.

Nevertheless, the testimony provided evidence of Noriega's vast wealth. Direct deposits reached as

much as \$3.4 million on Dec. 19, 1983, Awan said. And eight days later, Noriega invested \$5.4 million in a BCCI certificate of deposit, Awan said. Although Noriega lawyer Frank Rubino described the accounts as belonging to the Panamanian G-2 intelligence agency, which Noriega headed, Awan testified that on July 8, 1984, Noriega instructed him to transfer \$308,599 from one of the accounts to another belonging to his daughter Thays.

Awan said that in early 1988, Noriega called him and wanted his London accounts closed and the money transferred back to Panama. But after Naqvi suggested they be moved to Luxembourg, Noriega agreed and signed papers transferring the funds. Internal BCCI records shown to him by Assistant U.S.

*"Luxembourg is
perceived to have
more bank secrecy
laws."*

—ex-BCCI official Amjad Awan

Attorney Michael P. Sullivan reported transfers totaling \$19.3 million were made on Sept. 8, 1988—three days after Noriega was indicted by two federal grand juries, in Tampa and Miami.

Awan later testified that in July 1988, after a U.S. Senate subcommittee sent him a subpoena for Noriega's bank records, he flew to Panama where he met with Noriega and his wife. As a result of the meeting, Noriega again transferred his funds, this time into Banco Nacional de Panama accounts in Switzerland and West Germany. A month later, Awan said, the funds were transferred once again—into the accounts of Capcom Financial, a London trading firm controlled by BCCI, Awan said.

Awan also provided other details of the BCCI-Noriega relationship, testifying that the Panamanian leader gave him two personal loans totaling \$650,000. In addition, he said, the bank failed to collect on an unsecured \$1.5 million to \$2 million loan to one of Noriega's close associates, Cesar Rodriguez, that Noriega had personally guaranteed.

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Witness says hit man hired to kill Noriega

MIAMI (AP) — The shadowy international terrorist Carlos — known as "The Jackal" — was selected to assassinate Manuel Noriega in 1984, a witness testified Wednesday in the ousted Panamanian leader's trial.

Cesar Cura, a Colombian rancher who joined the Medellín cartel's Ochoa family in the early 1980s, said he was told about the plot by other drug traffickers.

The witness testified Tuesday that the cartel hired the Spanish Basque separatist group ETA to kill Noriega during a European tour after he allegedly double-crossed them by seizing chemical shipments and a drug lab in May 1984.

Cura elaborated Wednesday under questioning by federal prosecutor Myles Malman, who asked him if he knew the name of the person ETA intended to use.

"They said they contracted ETA and the hit man Carlos — the famous 'Jackal,'" the witness testified.

The contract was handled by two Ochoa henchmen, Pablo Correa and Rafael Cardona, said Cura.

The plot eventually was abandoned, in part because Cura asked his connection with Noriega, U.S. drug trafficker Steven Kalish, to set up a meeting to resolve the dispute, he said.

The two men were worried about a pending marijuana deal Noriega was supposed to protect, Cura said.

"Were you concerned about Gen. Noriega or your profits?" asked defense attorney Frank Rubino during cross examination.

"That my profits would be ruined," replied Cura.

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Noriega judge rules evidence sufficient for trial to continue

MIAMI (AP) — Prosecutors have enough evidence to take their 10 drug and racketeering counts against Manuel Noriega before a jury, a federal judge ruled Wednesday.

U.S. District Judge William Hoeveler said, however, the case seemed weak on some lesser counts, and he considered throwing out a minor money-laundering charge.

"But," he said, "giving the government the benefit of the doubt, there is sufficient evidence to go before the jury."

The prosecution rested its three-month case Tuesday after presenting 46 witnesses. The defense is scheduled to open Jan. 6 following the holiday recess. The case is expected to go to the jury in February.

Prosecutor Michael Sullivan, meanwhile, protested a defense motion requiring attorneys for both sides to fly to Panama to take depositions from Noriega military aides who have been imprisoned since the December 1989 U.S. invasion.

Sullivan said he doubted the Panamanians would allow them access to the prisoners.

"They are *persona non grata*, being interviewed by lawyers who are not looked on favorably in Panama, and who are representing a

man who is looked on even less favorably," Sullivan said.

But defense attorney Frank Rubino said his assistants already have talked alone with some of the men, including Nivaldo Madrinan and Cleto Hernandez.

"It appears the general [Noriega] exercises a little more influence down there than the government believes," he told the judge.

Hoeveler said the two sides should try to work out an arrangement.

Earlier, Hoeveler went through the indictment count by count to determine if the government had offered enough evidence to justify the charge.

He cautioned he was not deciding the truth of the testimony, only whether it covered the required le-

gal bases.

As did prosecutors, the judge relied in large part on the testimony of imprisoned drug trafficker Carlos Lehder to tie the loose counts into a whole. He said he had no questions about the two major racketeering counts and two other counts related to drug flights by Noriega associate Floyd Carlton.

But he said he had problems with three counts and raised questions about a charge that Noriega took a bribe to protect a drug lab in Panama in 1984.

The defense has contended Noriega, who eventually raided the lab, never received or knew about a supposed \$5 million bribe Colombia's Medellin cocaine cartel gave to one of his underlings.



Noriega

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Noriega may testify in drug trial

A Washington Post Report

MIAMI — The chance that Manuel Noriega will testify in his own defense appears to be growing, raising the prospect of a dramatic finish to his six-month trial here on drug-trafficking and racketeering charges.

At a hearing Friday to schedule an unrelated case, assistant U.S. Attorney Myles Malman said Jon May, one of Noriega's lawyers, had told the prosecution that "the defendant" might be the "last witness."

May later refused to confirm that, saying, "We have steadfastly refused to say whether he will be a witness."

But some members of the defense team have said they believe that, after a month of sporadic defense testimony marked by hostile witnesses, Noriega's own testimony might provide his only opportunity for acquittal.

Noriega's lawyers have tried to depict him as a faithful ally of U.S. drug agents.

They have called many witnesses whose testimony has been marked by memory lapses and unabashed hostility toward Noriega.

Most of these are current or former agents of the Drug Enforcement Administration (DEA), which helped to indict Noriega in 1988 and whose agents brought him to prison here in 1990 after the U.S. invasion of Panama.

The witnesses have been shown and have discussed documents, including official reports and letters, praising Noriega for his efforts to intercept drug-laden ships in the early 1980s.

"I think that hostility [by DEA agents] ... can be very powerful for the defense," Miami criminal lawyer Samuel Burstyn said late last week.

"It again supports the notion that the U.S. government is trying to deny clear facts that are true ... The government failed to tell the jury in its three-month case that Noriega was engaged in some legitimate law-enforcement activity, and now it is begrudgingly conceding to it and that could detract from the government's credibility."

Burstyn said, however, that, "if Noriega does not testify, he is doomed and if he does, he can get himself a 50-50 chance of winning the case."

Two other prominent criminal attorneys, Joel Hirschborn and Edward Shohat, who have ample experience in drug cases, told the Miami Review, a local law and business journal, that they would favor putting Noriega on the stand.

"If you asked me today," Hirschborn said, "I'd say in a drug case [like this one], you really can't win unless he takes the stand."

Shohat, who defended Carlos Lehder, a convicted boss of the Medellín drug cartel, said of Noriega: "Here is someone who has a certain public image as a machete-wielding dictator from Latin America ... it may be important to put him on the stand to humanize him."

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Noriega jurors deny pressuring holdout

A Tribune Wire Service Report

MIAMI — Three members of the jury that convicted Manuel Antonio Noriega told a judge Wednesday that a sole holdout on the panel was not improperly pressured into changing her vote to guilty.

The comments by the jurors during closed-door questioning by U.S. District Judge William Hoeveler effectively ended an attempt by defense attorneys to reverse Noriega's April 9 drug trafficking and racketeering conviction on grounds of jury misconduct.

On hearing the jurors' answers, defense attorneys dropped their challenge of the verdict, saying they were satisfied.

The attorneys, citing media accounts of the deliberations, had asked Hoeveler to question the jurors about reports of a prayer session conducted with the holdout juror the night before the panel returned its verdict. The reports said

the holdout juror, Bernadine Cooper, prayed with a few other jurors after deliberations had ended for the day.

Defense attorneys said they were concerned that the session might have been a form of deliberations outside the presence of the other jurors.

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Noriega cohort gets 5 years in prison

MIAMI — A pilot whose eyewitness testimony linked Manuel Noriega to Colombian drug lords has become the first of the former Panamanian leader's 15 original co-defendants to be sentenced to jail. Roberto Striedinger was sentenced to five years in a minimum security federal prison under a plea bargain agreement

with federal prosecutors. He also had to forfeit property, including a \$3-million Key Biscayne home that once belonged to ex-President Richard Nixon. The pilot, who transported cocaine for the Medellin cartel, has already been jailed 23 months since his 1990 surrender and could be paroled in another 1½ years. He was one of two people who gave eyewitness accounts of Noriega's meeting with the Colombian drug lords.

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