

~~SECRET~~

OCA 95-2274

OCA 95-2274
16 August 1995

MEMORANDUM FOR THE RECORD

SUBJECT: Briefing for Representative James Leach (R-IA)
Regarding [redacted] in Arkansas in the
Late 1980s with NSA - 21 July 1995

(b)(1)
(b)(3)
(b)(6)

1. On 21 July 1995, at 1000 hours, in room 2186 Rayburn House Office Building, Chairman James Leach (R-IA), Committee on Banking and Financial Services, and staffer Jamie McCormick, received a briefing, at Leach's written request to the DCI, on allegations of [redacted] in Arkansas in the late 1980s. Agency participants were: [redacted] Investigative Staff, Office of Inspector General; [redacted] Chief, Legislation Group, Office of Congressional Affairs; and the undersigned. NSA participants were: Frank Newton, Inspector General, and [redacted] Congressional Affairs. [redacted]

2. Representative Leach began the briefing by saying that he was not interested in opening a new probe of U.S. Contra-policy or suggesting wrongdoing by either Agency, especially since he served on the October Surprise Task Force, where he was convinced that the Marcos' walked away with billion of dollars. Leach, however, did say he based his request for the briefing on reports that have appeared in the press that refer to secret foreign bank accounts held by prominent people in Mena, Arkansas, [redacted] and an Arkansas-centered network of banks formed to [redacted] (see attached incoming letter). Leach also said that over a period of time he had talked to a lot of people regarding this issue. He said that most of the allegations contained within the articles were probably false, but he felt an obligation to look into Whitewater related allegations on behalf of the Banking Committee. That said, some allegations may be credible, some totally unbelievable, but as information goes out to the American public in non-traditional ways, it becomes more believable. [redacted]

3. [redacted] along with Frank Newton, responded to Leach's questions regarding each Agency's current knowledge on involvement with any of the alleged allegations contained in his letter. Newton responded [redacted] to all of the questions posed in the incoming letter, but did, however, provide a brief broadbrush



I-102J
H Leach

APPROVED FOR RELEASE
DATE: JUL 2002

~~SECRET~~



8

~~SECRET~~

SUBJECT: Briefing for Representative James Leach
(R-IA) Regarding [redacted] in
Arkansas in the late 1980s - 21 July 1995

background briefing on how NSA conducts its normal daily activities [redacted] [redacted] said that the capability of the IG to conduct its function depends in part on cooperation by others with CIA and thus far the IG had not look into any of these allegations. However, [redacted] said as he understood the current issue, a thorough search had been conducted by CIA regarding PROMIS/Inslaw issues relating to Systematics, Inc., Mena, and Hadron, during a much earlier timeframe. Also, he understood that thus far very little information had been found to be responsive to the exact allegations contained in the current letter. [redacted] however, did say that the Agency had perhaps made some connections within the larger picture of things. The Agency was aware of Barry Seal, but had no relationship with him nor any records regarding his activities in Mena. Seal's association with the Drug Enforcement Agency (DEA) was widely publicized, [redacted]

[redacted] As for PROMIS, that issue had been looked at in-depth by the Senate Select Committee on Intelligence (SSCI) and the House Judiciary Committee in 1991 and 1993. The conclusion then and still is that the Agency never purchased any INSLAW/PROMIS software. [redacted]

[redacted] Chairman Leach was also informed that we had not found any records related to Systematics of Arkansas, a banking software firm, [redacted]

4. [redacted]

~~SECRET~~

SUBJECT: Briefing for Representative James Leach
(R-IA) Regarding [redacted] in
Arkansas in the Late 1980s - 21 July 1995

5. [redacted]

6. Leach, after listening to the responses to his earlier questions, proceeded to ask approximately 45 other questions regarding the issue, basically repeating many of the issues already addressed. For those questions and responses, please see attached pages from a draft memorandum provided by staffer Jamie McCormick and checked against the personal notes of the undersigned. The responses in the draft memorandum correspond correctly to the personal notes of the undersigned.

7. Leach concluded by once again saying he has an obligation to look into the matter on behalf of the Committee, and asked us to inform the DCI and DIRNSA that he may hold hearings on these allegations in the fall. (U)

8. The briefing lasted approximately 90 minutes. Leach was informed that the Agency would continue to check its records, especially on questions relating to: 1) Park-o-Meter; 2) CIA's relationship, if any, with Terry Reed; and 3) whether the CIA had any connection to Seal's cargo plane (serial number 54-0679).

[redacted]
CIA Liaison Group
Office of Congressional Affairs

Attachments

~~SECRET~~

~~SECRET~~

SUBJECT: Briefing for Representative James Leach
(R-IA) Regarding [redacted] in
Arkansas in the Late 1980s - 21 July 1995

DCI/OCA/CIALiaisonGrp [redacted] (22 Aug 95)
OCA 95-2274 [redacted]

Distribution:

Original - OCA Records (w/atts)
1 - D/OCA (w/o atts)
1 - [redacted] (w/o atts)
1 - [redacted] Chrono (w/atts)

~~SECRET~~

With the Congress

07/25/95

Briefing for Representative Leach (R-IA) on Allegations of [redacted] in the Late 1980s

On 21 July, Chairman James Leach, Committee on Banking and Financial Services, and staffer Jamie McCormick, received a briefing, at Leach's written request to the DCI, on allegations of [redacted] in Arkansas in the late 1980s. Leach based his request for the briefing on reports that have appeared in the press that refer to secret foreign bank accounts held by prominent people in Mena, Arkansas, [redacted] and an Arkansas-centered network of banks formed to [redacted] [redacted] CIA's Office of Inspector General, and [redacted] Office of Congressional Affairs, along with Frank Newton, NSA's Inspector General, responded to Leach's questions regarding each Agency's current knowledge on involvement with any of the alleged allegations contained in his letter. Newton responded [redacted] to all of the questions posed in the incoming letter, but did, however, provide a brief broadbrush background on how NSA conducts its normal daily activities [redacted] [redacted] said that a thorough search had been conducted by CIA, and thus far very little information had been found to be responsive to the exact allegations contained in the letter. [redacted] however, did say that the Agency was aware of Barry Seal, but had no relationship with him nor any records regarding his activities in Mena. As for PROMIS, that issue had been looked at in-depth by both SSCI and the House Judiciary Committee in 1991 and 1993. The conclusion then and still is that the Agency never purchased any INSLAW/PROMIS software. Chairman Leach was informed that we had not found any records related to Systematics of Arkansas, a banking software firm [redacted]

Leach, after listening to the responses to his earlier questions, proceeded to ask approximately 45 other questions regarding the issue, basically repeating many of the issues already addressed. Leach said he had talked to a lot of people regarding this issue, but he emphasized that he was aware that most of the allegations were false. Leach also said that he has concluded that some allegations may be credible, some totally unbelievable, but as information goes out to the American public in non-traditional ways, it becomes more believable. He has an obligation to look into the matter on behalf of the Committee, and asked us to inform the DCI and DIRNSA that he may hold a hearing on these allegations in the fall. (U)

~~SECRET~~

Follow Up Actions: Provide McCormick with a copy of SSCI letter regarding PROMIS.

[Redacted]

OCA/LiaisonGrp

[Redacted]

~~SECRET~~

Responses to Chairman Leach's Prepared Questions of 7/21

Q: Have any of you or anyone else at either the CIA or NSA discussed this inquiry from us with anyone at the White House, the Department of Justice, or any other governmental organization?

A: No, not in response to Chairman Leach's letters requesting a briefing.

Q: Does the CIA or NSA have knowledge of or any involvement in clandestine activity by the U.S. Government or any private parties in or near Mena, Arkansas, in the 1980s?

A: CIA's knowledge [redacted]

[redacted] NSA [redacted]

Q: Have any reports on activities in and around Mena been prepared for the DCI, specifically, for former Director Woolsey?

A: No. The only reports the CIA has were prepared in conjunction with the Chairman's requested briefing.

A. Gun Smuggling

Q: Did the CIA or NSA have any involvement in, or knowledge of, any operation by the U.S. government or the so-called "private benefactors" (led by retired Gen. Richard Secord) to train pilots and/or ship arms from the Rich inter-mountain regional airport at Mena to the Nicaraguan Contras?

A: NSA, [redacted] CIA representatives replied that they "did not think so." CIA noted that the IG had checked back records on this issue in 1994 and had discovered no responsive information. CIA noted parenthetically that the operational activities of the private benefactors were mainly conducted from southern Florida.

Q: (Skipped) If so, did any such activities take place with the knowledge or approval of other Federal officials?

Q: (Skipped) Did any such activities take place with the knowledge or approval of Arkansas state government officials?

Q: (Skipped) Did the CIA contract with any Arkansas manufacturers to build automatic weapons for the Nicaraguan Contras?

Q: Does the CIA or NSA have any contractual or other relationship with, or knowledge of, an Arkansas company called Park-o-Meter, also known as POM? Do you have any reason to believe that POM produced disposable fuel tanks for use by Barry Seal and possibly others in connection with supplying arms to the Contras?

A: NSA [] CIA had no knowledge, but would check and get back to the Chairman.

B. Barry Seal and Associates

Q: (Skipped) Did the CIA or NSA have any contractual or other relationship with the late Adler Barriman "Barry" Seal (Seal was murdered, allegedly at the direction of Columbian drug lords, in Feb. 1986)?

Q: To your knowledge, did any other government agency (such as the DEA or DIA) have any contractual or other relationship with Barry Seal?

A: NSA, [] CIA had no confirmation from any other USG agency, including DEA, that Seal had any government contracts

Q: Is the CIA or NSA aware of any IRS determination that money earned by Seal between 1984 and 1986 was not illegal because of his alleged CIA-DEA employment?

A: NSA, [] CIA, no.

Q: Did the CIA have any involvement in, or knowledge of, the installation of cameras on Seal's C-123K transport plane for use in a 1984 "sting" operation against the Sandinista official Federico Vaughan?

A: CIA, no.

Q: Was Seal's C-123K cargo plane, christened Fat Lady (serial number 54-0679), sold by Seal to the CIA or any other U.S.-government related entity? Was this the plane later shot down over Nicaragua with a load of arms destined for the Contras?

A: CIA, no records suggested it was.

Q: Did the CIA have any contractual or other relationship with Terry Reed, a former Air Force intelligence officer (who claims he had a relationship with the CIA in the 1980s) and author of Compromised: Clinton, Bush and the CIA?

A: CIA had no knowledge, but would check further.

Q: Did the CIA ever have dealings with former Arkansas State Trooper L.D. Brown?

A: CIA no, not beyond as stated earlier in their presentation.

Q: Is the CIA or NSA aware of any attempts by federal or state officials to interfere with or terminate any investigation [by] the IRS, Justice Department, Arkansas State Police or any other law-enforcement authorities into Mena-related criminal conduct?

A: CIA, no. NSA,

C. Narcotics Smuggling

Q: Did the CIA or NSA have any knowledge of or involvement in illicit narcotics trafficking, possibly by rogue operatives, in or near Mena, Arkansas? As you know, there have been allegations that on their return flights from Central America, pilots smuggled more than 20 tons of cocaine into Mena.

A: NSA, CIA no. noted that CIA had also checked with its counter-narcotics center, which reported no responsive information available.

D. Money Laundering

Q: Did the CIA or NSA have any indication that
 local businesses and Arkansas

A: NSA, CIA, no.

Q: Does the CIA or NSA have any indication that Barry Seal or his associates attempted to

A: NSA, CIA, no.

Q: Does the CIA or NSA have any indication that the proceeds from illicit narcotics trafficking might have been laundered through the Arkansas Development Finance Authority (ADFA)?

A: NSA, CIA, no.

E.

Q: Does the CIA or NSA know of any secret
 or more ever held by U.S. citizens domiciled in Arkansas at anytime between 1988 and now?

A: NSA

CIA representatives stated

that, to the best of their knowledge, CIA maintained the same policy. CIA also stated that any records it might have had would have been [redacted]

Q: (Not directly asked, referenced indirectly in the eighth question in this section) Is the CIA or NSA aware, directly or indirectly, of any efforts by [redacted]

Q: Does the CIA or NSA have the capability of [redacted]

A: [redacted]

[redacted] CIA representatives had no specific knowledge with respect any such agency capability, [redacted]

Q: [redacted] does CIA and/or NSA have the capability, directly or through another party, of [redacted]

A: Newton stated NSA has [redacted]

Q: (Skipped) Does CIA or NSA have the authority to [redacted]

Q: (Skipped) Has CIA or NSA ever [redacted]

Q: Does the CIA maintain a team of skilled computer hackers who routinely break into the electronic data systems of foreign banks? According to one source, this group is informally known as the Fifth Column. Correct?

A:

Q: (Skipped) Does NSA

Q: Does the CIA or NSA know of or has either agency participated in, directly or indirectly, efforts to sell software -- notably versions of a program in use at the Justice Department called PROMIS -- or other devices to foreign banks for the purpose of facilitating of their electronic data systems?

A: NSA, CIA,

Q: (Skipped) Does the CIA or NSA know of customers to whom this software has been sold?

Q: Is the CIA or NSA aware of any attempts by

A: NSA, CIA, no.

Q: Does CIA or NSA know of any efforts by

A: NSA, CIA, no.

Q: Has the CIA or NSA received any indication that proceeds from the sale of PROMIS or similar software were used to finance arms shipments to the Contras?

A: CIA, no. NSA,

Q: (Skipped) Are there any indications of cooperation by

Q: (Skipped) Is the CIA or NSA aware of any unauthorized efforts, possibly in the margin of legitimate intelligence operations, [redacted]

Q: Does CIA or NSA know of a Charles Hayes, who was born on 4/27/35, whose social security number is [redacted] and now resides in Nancy, Kentucky?

A: CIA, no. NSA, [redacted]

Q: If so, has Hayes ever had any ties to the CIA or NSA or any other U.S. government agency? Have these ties been severed?

A: CIA, no. NSA, [redacted]

Q: Hayes claims to be able to break into the electronic data systems of foreign banks. Has CIA [redacted]

A: [redacted]

Q: Is NSA or CIA aware of an account, number b-142AB2, at the Banca Della Svizzera Italiano in Chiasso, said to have belonged to [the late] Vincent Foster?

A: NSA, [redacted] CIA, no. [redacted]

Q: Does the CIA or NSA know of any secret Swiss bank account that used to belong jointly to Vincent Foster and others that supposedly contained contributions to the Clinton presidential campaign?

A: CIA, no. NSA, [redacted]

Q: Is the CIA or NSA aware of a fund known variously as the Medders or Meeders or Meadows or Meadors or Meaders Trust or Estate? The fund was allegedly first deposited at Pittsburgh's Mellon Bank some 50 years ago and is now reportedly worth billions. The allegation is that a legally ungoverned trust is under de facto control of a bank or group of banks under prospective legal challenges from alleged heirs and that income is so large that it is used as a secret source of funds by banks and high-ranking officials for sensitive political and economic purposes. The money and its movements, it is alleged, are hidden in a complex web of electronic transactions among the banks in the group.

A: CIA, no. NSA,

Q: Is it possible, and does CIA have any information that might suggest, that alleged Mena-related activities stemmed from private Nicaraguan assistance groups, perhaps under the supervision, or at least knowledge of, Colonel North?

A: NSA, CIA was not aware of any such activity in or around Mena.

Q: Did either NSA or CIA ever request that any government organization cooperate or not interfere with aircraft operating out [of] Mena?

A: CIA, no. NSA,

Q: Is either the NSA or the CIA aware of any foreign governments who might have provided arms, money or any assistance to any group operating out of Mena?

A: NSA, CIA, no.

~~SECRET~~

APPROVED FOR
RELEASE DATE:
28-Sep-2009

OCA 95-2274
16 August 1995

MEMORANDUM FOR THE RECORD

SUBJECT: Briefing for Representative James Leach (R-IA)
Regarding [redacted] in Arkansas in the
Late 1980s With NSA - 21 July 1995

(b)(1)
(b)(3)
(b)(6)

1. On 21 July 1995, at 1000 hours, in room 2186 Rayburn House Office Building, Chairman James Leach (R-IA), Committee on Banking and Financial Services, and staffer Jamie McCormick, received a briefing, at Leach's written request to the DCI, on allegations of [redacted] in Arkansas in the late 1980s. Agency participants were: [redacted] Investigative Staff, Office of Inspector General; [redacted] Chief, Legislation Group, Office of Congressional Affairs; and the undersigned. NSA participants were: Frank Newton, Inspector General, and [redacted] Congressional Affairs.

2. Representative Leach began the briefing by saying that he was not interested in opening a new probe of U.S. Contra-policy or suggesting wrongdoing by either Agency, especially since he served on the October Surprise Task Force, where he was convinced that the Marcos' walked away with billion of dollars. Leach, however, did say he based his request for the briefing on reports that have appeared in the press that refer to secret foreign bank accounts held by prominent people in Mena, Arkansas, [redacted] and an Arkansas-centered network of banks formed to [redacted] (see attached incoming letter). Leach also said that over a period of time he had talked to a lot of people regarding this issue. He said that most of the allegations contained within the articles were probably false, but he felt an obligation to look into Whitewater related allegations on behalf of the Banking Committee. That said, some allegations may be credible, some totally unbelievable, but as information goes out to the American public in non-traditional ways, it becomes more believable.

3. [redacted] along with Frank Newton, responded to Leach's questions regarding each Agency's current knowledge on involvement with any of the alleged allegations contained in his letter. Newton responded [redacted] to all of the questions posed in the incoming letter, but did, however, provide a brief broadbrush

63

OCA-COMPT
S
LOGGED
ISC

I-102J
H Leach

~~SECRET~~

[redacted]

44

SUBJECT: Briefing for Representative James Leach
(R-IA) Regarding [redacted] in
Arkansas in the late 1980s - 21 July 1995

background briefing on how NSA conducts its normal daily activities [redacted] said that the capability of the IG to conduct its function depends in part on cooperation by others with CIA and thus far the IG had not look into any of these allegations. However, [redacted] said as he understood the current issue, a thorough search had been conducted by CIA regarding PROMIS/Inslaw issues relating to Systematics, Inc., Mena, and Hadron, during a much earlier timeframe. Also, he understood that thus far very little information had been found to be responsive to the exact allegations contained in the current letter. [redacted] however, did say that the Agency had perhaps made some connections within the larger picture of things. The Agency was aware of Barry Seal, but had no relationship with him nor any records regarding his activities in Mena. Seal's association with the Drug Enforcement Agency (DEA) was widely publicized, [redacted]

[redacted] As for PROMIS, that issue had been looked at in-depth by the Senate Select Committee on Intelligence (SSCI) and the House Judiciary Committee in 1991 and 1993. The conclusion then and still is that the Agency never purchased any INSLAW/PROMIS software. [redacted]

[redacted] Chairman Leach was also informed that we had not found any records related to Systematics of Arkansas, a banking software firm. [redacted]

4. [redacted]

~~SECRET~~

SUBJECT: Briefing for Representative James Leach
(R-IA) Regarding [redacted] in
Arkansas in the Late 1980s - 21 July 1995

5 [redacted]

6. Leach, after listening to the responses to his earlier questions, proceeded to ask approximately 45 other questions regarding the issue, basically repeating many of the issues already addressed. For those questions and responses, please see attached pages from a draft memorandum provided by staffer Jamie McCormick and checked against the personal notes of the undersigned. The responses in the draft memorandum correspond correctly to the personal notes of the undersigned. [redacted]

7. Leach concluded by once again saying he has an obligation to look into the matter on behalf of the Committee, and asked us to inform the DCI and DIRNSA that he may hold hearings on these allegations in the fall. (U)

8. The briefing lasted approximately 90 minutes. Leach was informed that the Agency would continue to check its records, especially on questions relating to: 1) Park-o-Meter; 2) CIA's relationship, 'if any, with Terry Reed; and 3) whether the CIA had any connection to Seal's cargo plane (serial number 54-0679). [redacted]

[redacted]
Office of Congressional Affairs

Attachments

3

~~SECRET~~

~~SECRET~~

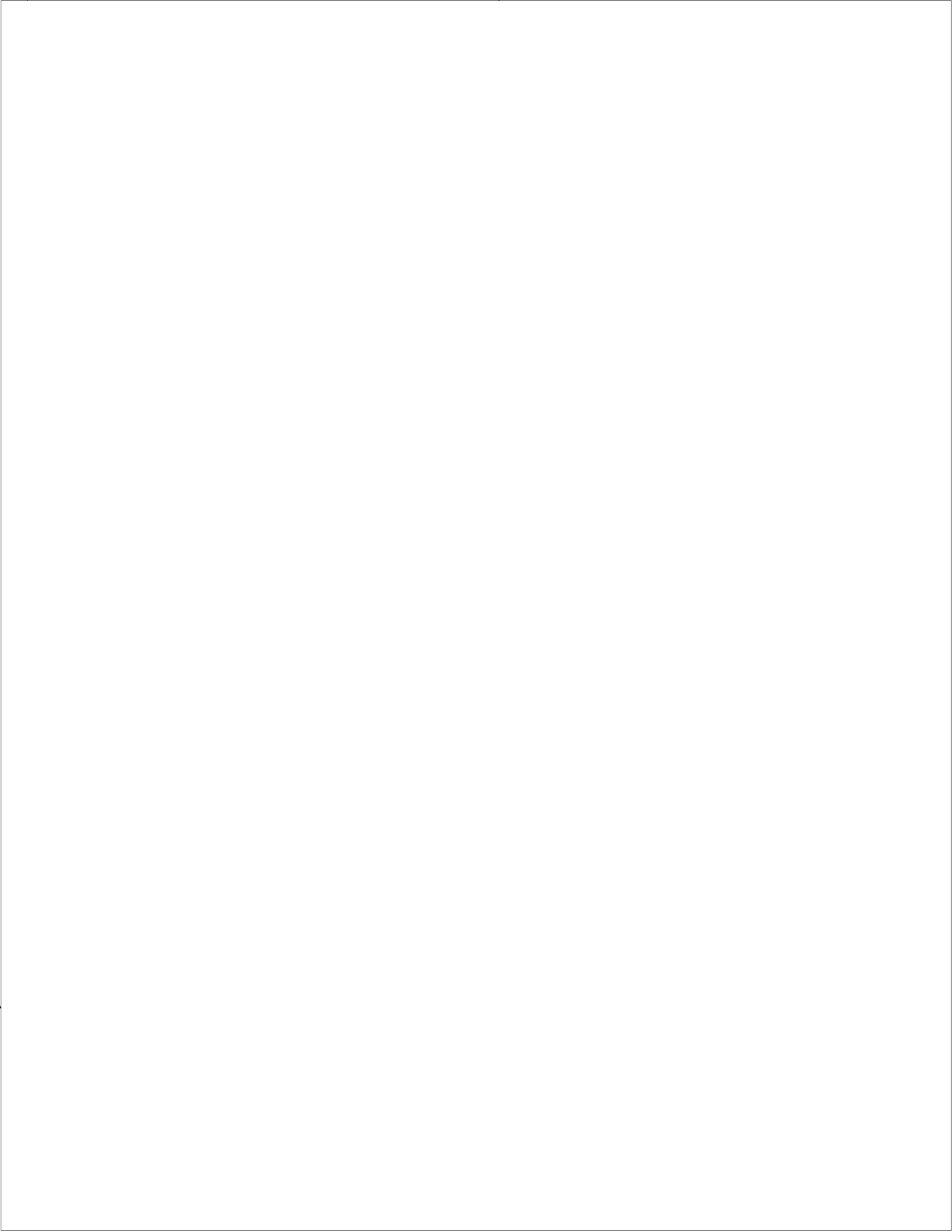
SUBJECT: Briefing for Representative James Leach
(R-IA) Regarding [redacted] in
Arkansas in the Late 1980s - 21 July 1995

DCI/OCA/CIALiaisonGrp [redacted] (22 Aug 95)
OCA 95-2274 [redacted]

Distribution:

Original - OCA Records (w/atts)
1 - D/OCA (w/o atts)
1 - [redacted] (w/o atts)
1 - [redacted] Chrono (w/atts)

(b)(1)
(b)(3)
(b)(6)



~~SECRET~~



~~SECRET~~

~~CONFIDENTIAL~~

19 July 1995

7/19 read from DC

Note to: Acting DCI
From: Acting Director of Public Affairs
Subject: Mena

The August issue of The American Spectator takes up the Mena story in a way that is likely to resonate on the Hill (see attached article).

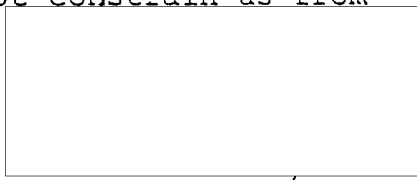
It alleges, explicitly and implicitly, that an aircraft operated by a CIA front company in 1984 used the airfield at Mena, Arkansas, as a staging point for weapons supply flights to the Contras in Nicaragua; on the return flights from Honduras, the aircraft allegedly carried illegal narcotics to Mena. The narcotics runner, Barry Seal, allegedly paid off then-Governor Clinton's protege, L. D. Brown, and one Dan Laseter, a Clinton contributor.

This is the latest repackaging of allegations previously made by the Wall Street Journal.

I understand that Fred Hitz or someone from his staff, along with other CIA officers will brief Congressman Leach on Friday 21 July in an attempt to address his concerns about these and other allegations.

In the mean time, we are receiving media queries on Mena, most recently from Michael Isikoff of Newsweek on 18 July. With the publication of The American Spectator article, we expect more.

At present, although there is no reason to believe any of the allegations, we are declining to comment publicly, pending exhaustive searches of DO files, as tasked by OCA. As soon as those searches are complete, we hope to have a crisp public statement that distances us from the allegations--if the Agency IG's look into them does not constrain us from doing so.



CC: EXDIR, GC, D/OCA, ADDO, ADDI, DDA, D/AIS /



Memorandum for the Record



EVENT: MEMBER BRIEFING

DATE: 07/21/95 TIME: 1000

STATUS: COMPLETE

PLACE: 2186 RHOB

FOR: REP LEACH

SUBJ: MONEY LAUNDERING

---- (PARTICIPANTS) ----

<u>ASSOC</u>	<u>NAME</u>	<u>ROLE</u>
REP.	LEACH, JAMES A. (R-IA)	
CIA	TBD	BRFR
CIA	[Redacted] (DCI/OCA)	SPRT

---- (EXECUTIVE SUMMARY) ----

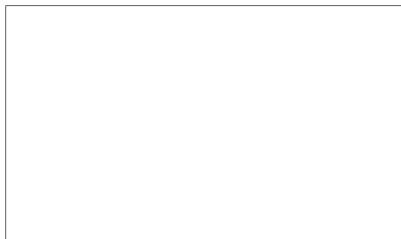
1. On 21 July 1995, at 1000 hours, in room 2186 Rayburn House Office Building, Chairman James Leach (R-IA), Committee on Banking and Financial Services, and staffer Jamie McCormick, received a briefing, at Leach's written request to the DCI, on allegations of [Redacted] in Arkansas in the late 1980s. Agency participants were: [Redacted] Investigative Staff, Office of Inspector General; [Redacted] Chief, Legislation Group, Office of Congressional Affairs; and the undersigned. NSA participants were: Frank Newton, Inspector General, and [Redacted] Congressional Affairs. [Redacted]

----(ADDITIONAL INFORMATION) ----

2. Representative Leach began the briefing by saying that he was not interested in opening a new probe of U.S. Contra-policy or suggesting wrongdoing by either Agency, especially since he served on the October Surprise Task Force, where he was convinced that the Marcos' walked away with billion of dollars. Leach, however, did say he based his request for the briefing on reports that have appeared in the press that refer to secret foreign bank accounts held by prominent people in Mena, Arkansas, [Redacted] and an Arkansas-centered network of banks formed to [Redacted] (see attached incoming letter). Leach also said that over a period of time he had talked to a lot of people regarding this issue. He said that most of the allegations contained within the articles were probably false, but he felt an obligation to look into Whitewater related allegations on behalf of the Banking Committee. That said, some allegations may be credible, some totally unbelievable, but as information goes out to the American public in non-traditional ways, it becomes more believable. [Redacted]

3. [Redacted] along with Frank Newton, responded to Leach's questions regarding each Agency's current knowledge on involvement with any of the alleged allegations contained in his letter. Newton responded [Redacted] to all of the questions posed in the incoming letter, but did, however, provide a brief broadbrush background briefing on how NSA conducts its normal daily activities [Redacted] said that the capability of the IG to conduct its function depends in part on cooperation by others with CIA and thus far the IG had not look into any of these allegations. However, [Redacted] said as he understood the current issue, a thorough search had been conducted by CIA regarding PROMIS/Inslaw issues relating to Systematics, Inc., Mena, and Hadron, during a much earlier timeframe. Also, he understood that thus far very little information had been found to be responsive to the exact allegations

APPROVED FOR
RELEASE DATE:
28-Sep-2009



65

46

[redacted] Memorandum for the Record [redacted]

contained in the current letter [redacted] however, did say that the Agency had perhaps made some connections within the larger picture of things. The Agency was aware of Barry Seal, but had no relationship with him nor any records regarding his activities in Mena. [redacted]

[redacted] As for PROMIS, that issue had been looked at in-depth by the Senate Select Committee on Intelligence (SSCI) and the House Judiciary Committee in 1991 and 1993. The conclusion then and still is that the Agency never purchased any INSLAW/PROMIS software. [redacted]

[redacted] Chairman Leach was also informed that we

had not found any records related to Systematics of Arkansas, a banking software firm. [redacted]

4. [redacted]

5. [redacted]

6. Leach, after listening to the responses to his earlier questions, proceeded to ask approximately 45 other questions regarding the issue, basically repeating many of the issues already addressed. For those questions and responses, please see attached pages from a draft memorandum provided by staffer Jamie McCormick and checked against the personal notes of the undersigned. The responses in the draft memorandum correspond correctly to the personal notes of the undersigned. [redacted]

7. Leach concluded by once again saying he has an obligation to look into the matter on behalf of the Committee, and asked us to inform the DCI and DIRNSA that he may hold hearings on these allegations in the fall. (U)

8. The briefing lasted approximately 90 minutes. Leach was informed that the Agency would continue to check its records, especially on questions relating to: 1) Park-o-Meter; 2) CIA's relationship, if any, with Terry Reed; and 3) whether the CIA had any connection to Seal's cargo plane (serial number 54-0679). [redacted]

[redacted]
CIA Liaison Group
Office of Congressional Affairs

Briefing for Chairman Leach, House Banking Committee

(b) (2)
(b) (3)
(b) (6)

What we found from our searches

3) PROMIS - We have searched our files extensively in response to previous congressional inquiries on INSLAW's PROMIS (Prosecutor's Management Information System). As noted in the DDCI's response to Chairman Brooks on 18 Nov 91, and a similar letter from D/OCA to the SSCI on 2 Aug 93, we have found no records about INSLAW's PROMIS software, or the allegations that it had been misappropriated, distributed or used in the manner alleged in these articles.

[Redacted]

As noted in the letter to the SSCI, the Department of Justice appointed a special counsel to investigate the INSLAW matter and a report was submitted to the House Judiciary Committee on 17 June 1993 that may be of assistance to your review.

4) We have no found no record of any CIA contact or contracts with Systematics, Inc. of Arkansas, nor any information about the allegations that Systematics, Inc. monitored or engaged in illegal activities.

[Redacted]

5) We have found no record of a Charles Hayes who was a CIA operative in Latin America or Central America.

6) We have found no records of CIA activities at the Mena airfield during the 1980's. CIA's Iran-Contra files were searched and found no reference to Mena or its use by the "private benefactors", a term used to refer to the unauthorized Contra support operation run by Oliver North.

[Redacted]

7) Adler Berriman "Barry" Seal has been the subject of several CIA records searches over the past decade, most recently in June 1995 at the request of HPSCI. No records of any contact with Seal or information about his alleged activities has ever been discovered during these searches.


166

D85-1

196

Our searches did determine that a person named Lawrence D. Brown, DOB 2 Oct 1958, applied for CIA employment in 1988. Following routine processing his application was rejected in November 1988. Without further biographic information, we cannot determine if this is the same L.D. Brown mentioned in the articles.



 from the Office of Inspector General will address the other issues mentioned in your letter.

APPROVED FOR
RELEASE DATE:
23-Sep-2009

OCA 96-1151

4 MAR 96 7:17
7
13 March 1996

MEMORANDUM FOR: Inspector General

FROM: Director of Central Intelligence

SUBJECT: Allegations of Money Laundering and
Other Activities in Mena, Arkansas

1. Chairman Leach of the House Banking Committee wrote and requested that the Inspector General investigate various allegations of money laundering in connection with activities in and around Mena, Arkansas. I have told the Chairman your office would investigate the issues raised in his letter. I request that you issue a report, including an unclassified version, if possible, which will address the following core issues:

- What, if any, information does CIA have that indicates it had any contact with the individuals or businesses identified in the Chairman's letter of 8 February, or of money laundering, narcotics trafficking, arms smuggling, or other illegal activities (including illicit aircraft modifications) based at, or operating through, the airport at Mena, Arkansas, from 1980 to the present;
- What was the extent of CIA's contact or relationship with Adler Berriman "Barry" Seal;
- Whether CIA tried to directly or indirectly influence or request that the Department of Justice or other Federal agencies alter any investigations or prosecutions of money-laundering in or around Mena, Arkansas;
- Whether CIA, or anyone acting on CIA's behalf, has carried out any activities in Mena, Arkansas, or the area north of Mena, known as Nella, Arkansas, and if so, did CIA brief, or otherwise communicate this information to Arkansas state officials in the 1980s.

2. The Chairman has also requested that all related documents be made available to appropriate Committee staff. I will wait until your inquiry is completed before acting on this request since traditionally classified documents

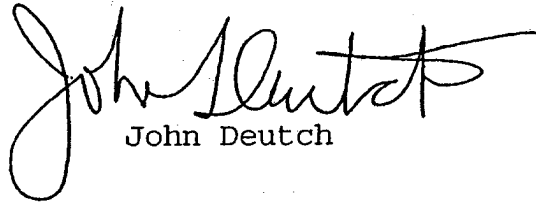
171

B3-2
L-2-1
127

SUBJECT: Allegations of Money Laundering and
Other Activities in Mena, Arkansas

involving operational matters are provided only to our oversight committees, and I have shared this view with Chairman Leach.

4. Once you have an opportunity to review the Banking Committee request, please provide me with an estimate of when you will be able to produce a report, and I will provide that estimate to Chairman Leach.


John Deutch

~~SECRET~~

Joanne Isham

[redacted] (b)(1)

(b)(3)

**Status Report on Inquiry from Chairman Leach
House Banking and Finance Committee**

(b)(6)

Briefing Request

- Chairman Leach (R-IA) wrote you on 11 July 95 seeking your help in "verifying or laying to rest various allegations of money laundering in Arkansas in the late 1980s." (Copy of letter attached as Tab A).
- He asked for a briefing from the CIA's Inspector General to address 7 topics ranging from efforts to [redacted] to whether the Agency was aware of certain companies and individuals who allegedly operated in or around Mena, Arkansas.
- The worst of these allegations, faxed to us before the briefing, credited to a CIA source in a magazine called Media Bypass, is that the CIA discovered that Vince Foster was a spy for the Israelis, and used a Cray supercomputer at CIA Headquarters to surreptitiously drain \$2.73 million from Foster's secret Swiss account. The article goes on to speculate that Foster committed suicide because he discovered his account had been drained. (Copy of article attached as Tab B.)
- A similar briefing request was sent to NSA.

Briefing by CIA and NSA

- On 21 July 95, Congressional Affairs and Inspector General representatives from CIA and NSA met with Chairman Leach and his assistant staff director, James McCormick.
- Chairman Leach was very cordial at the briefing, but his first question was whether anyone at either agency had discussed his inquiry with anyone at the White House, the Department of Justice, or any other governmental organization and he was told we had not discussed this outside the agency.
- The CIA's IG had not conducted investigations into these allegations and had a limited role in the briefing. The Agency's OCA representative advised that we had not finished our records review, but we were aware of one of the individuals identified in

175

~~SECRET~~

110

the Chairman's 11 July letter, Barry Seal (now deceased). We knew of Seal because of previous inquiries (in connection with criminal prosecutions of other individuals), but advised we had no relationship to Seal nor any records regarding his activities in Mena, Arkansas.

- We also advised him that both the SSCI and the House Judiciary Committee conducted in-depth reviews in 1991 and 1993, respectively, about another subject of his 11 July letter inquiry, INSLAW's PROMIS software. The conclusion then and now, is that the Agency never purchased any INSLAW/PROMIS software.

[Redacted]

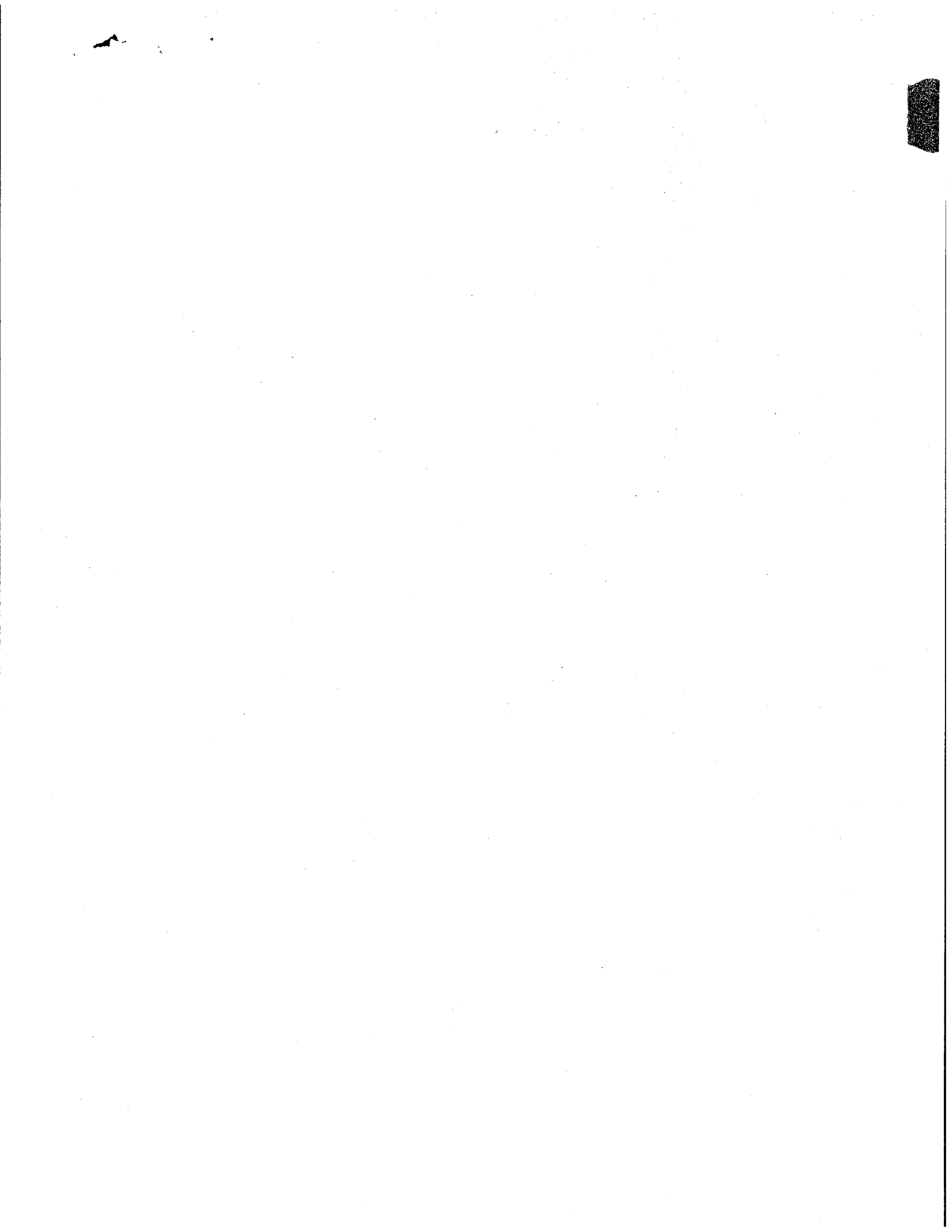
- [Redacted]

- During the briefing, Chairman Leach read from a list of additional questions provided to us after the briefing. The briefers indicated that we could not answer all of these questions conclusively, and Chairman Leach asked for some limited follow-up searches. (Copy of additional questions attached as Tab C.)

- NSA's IG had no information about the questions posed in the 11 July letter, but did provide a brief broadbrush background on how NSA conducts its normal daily activities [Redacted]

[Redacted]

- We are continuing to search our records for responsive information and once the review of these materials is completed, we will brief the findings to our oversight committees, the NSC and Chairman Leach.



2009 7/15

JAMES A. LEACH, IOWA, CHAIRMAN

BILL McCOLLUM, FLORIDA
MARGE ROUKEMA, NEW JERSEY
DOUG BEREUTER, NEBRASKA
TOBY ROTH, WISCONSIN
RICHARD H. BAKER, LOUISIANA
RICK LAZIO, NEW YORK
SPENCER BACHUS, III, ALABAMA
MICHAEL CASTLE, DELAWARE
PETER KING, NEW YORK
EDWARD ROYCE, CALIFORNIA
FRANK D. LUCAS, OKLAHOMA
JERRY WELLER, ILLINOIS
J.D. HAYWORTH, ARIZONA
JACK METCALF, WASHINGTON
SONNY BONO, CALIFORNIA
ROBERT NEY, OHIO
ROBERT L. EHRLICH, JR., MARYLAND
BOB BARR, GEORGIA
DICK CHRYSLER, MICHIGAN
FRANK CREMEANS, OHIO
JON FOX, PENNSYLVANIA
FREDERICK HEINSMAN, NORTH CAROLINA
STEVE STOCKMAN, TEXAS
FRANK LOMBARDI, NEW JERSEY
J.C. WATTS, OKLAHOMA
SUE W. KELLY, NEW YORK

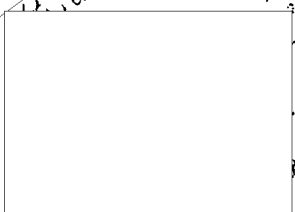
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON BANKING AND FINANCIAL SERVICES

ONE HUNDRED FOURTH CONGRESS
2129 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-8050

HENRY B. GONZALEZ, TEXAS
JOHN J. LAFALCE, NEW YORK
RALPH F. VENTO, MINNESOTA
CHARLES E. BUCHNER, NEW YORK
BARNEY FRANK, MASSACHUSETTS
PAUL E. KANJORSKI, PENNSYLVANIA
JOSEPH P. KENNEDY II, MASSACHUSETTS
FLOYD H. FLAKE, NEW YORK
KWEIBI MFUMBE, MARYLAND
MAXINE WATERS, CALIFORNIA
BIL ORTON, UTAH
CAROLYN B. MALONEY, NEW YORK
LUIS V. GUTIERREZ, ILLINOIS
LUCILLE ROYBAL-ALLARD, CALIFORNIA
THOMAS M. BARRETT, WISCONSIN
NYDIA M. VELAZQUEZ, NEW YORK
ALBERT R. WYNN, MARYLAND
CLEO FIELDS, LOUISIANA
MELVIN WATT, NORTH CAROLINA
MAURICE HINCHAY, NEW YORK
GARY ACKERMAN, NEW YORK
KEN BENTSEN, TEXAS

BERNARD SANDERS, VERMONT
(202) 225-7802

for a



JULY 11, 1995

also
file
POS-
(OAD) (221)
(231)

Hon. John M. Deutsch
Director
Central Intelligence Agency
Washington, D.C. 20505

Dear Director Deutsch:

I am writing to seek your agency's help in verifying or laying to rest various allegations of money laundering in Arkansas in the late 1980s. For that purpose, I would request a briefing from the CIA's Inspector General on Friday, July 14 before 1:00 p.m.; if that is not possible, Monday, July 17, would also be a convenient day.

The reports I have in mind have appeared in the general press and, sometimes in sensational form, in more narrow-gauged outlets, including the Internet. They speak of secret foreign bank accounts held by prominent people in Arkansas, special software to monitor bank transfers, an Arkansas-centered network of banks formed to launder money, and similar tales. I would like to determine whether there is any substance at all to these stories.

Specifically, I would like your Inspector General to tell me whether the Agency:

- (1) knows of any secret bank accounts held by U.S. citizens domiciled in Arkansas at any time between 1988 and now;
- (2) is aware, directly or indirectly, of any efforts by computer hackers, U.S.-government related or otherwise, to penetrate banks for the purpose of monitoring accounts and transactions;
- (3) knows of or has participated, directly or indirectly, in efforts to sell software--notably versions of a program in use at the Justice Department called PROMIS--or clandestinely produced devices to foreign banks for the purpose of collecting economic intelligence and information of illicit money transfers;



1

page two

(4) is cognizant of any attempts by Systematics Inc, an Arkansas-based electronic data processor that is now a division of All-tell, to monitor or engage in the laundering of drug money or proceeds of other illegal activities, notably those conducted through Mena, Ark.;

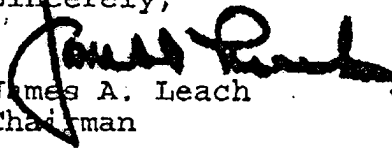
(5) can provide information about Charles Hayes, a businessman in Nancy, Kentucky, who claims to have been a CIA operative in Latin and Central America, among other places;

(6) knew of or was involved in, directly or indirectly, any covert activities by the U.S. government or any private parties (the so-called "private benefactors") in or around Mena, Arkansas, in the late 1980s;

(7) had any contractual or other relationship with the late Adler Barriman "Barry" Seal in the 1980s or knew about his activities in connection with MENA.

I would appreciate your help in shedding light on these matters.

Sincerely,


James A. Leach
Chairman

OGE

OGE

could see if P&D Dept - USD

*1/14/95
607 memo*

Investigate Mena

For more than a year we have been reporting on the mysteries of tiny Mena airfield in western Arkansas. The clouded tale of drug smugglers and spy operations in the 1980s is a potential embarrassment to the Democratic governor who ran the state and the Republicans who ran the White House. But the big story here is not primarily about who did what 10 years ago. It's about a very 1990s concern: drugs. How has our system broken down so that illegal drugs can be moved into this country on such a large scale?

This week, the American Spectator magazine adds another piece to the Mena puzzle with a story about Arkansas State Trooper L.D. Brown written by Spectator editor R. Emmett Tyrrell. Now, the account's weakness and strength are one and the same—L.D. Brown himself. Its weakness is that it is a single-source account; its strength is that L.D. Brown is an important source. A potentially key player in the Whitewater saga, Mr. Brown corroborates part of David Hale's claim that Mr. Clinton put pressure on him for financial help.

Mr. Brown now says that while working on then-Gov. Clinton's security detail, he applied to the Central Intelligence Agency, with the governor's support. Following CIA testing and an exchange of letters—supplied to Mr. Tyrrell by Mr. Brown—the state trooper claims he was contacted by Mena drug smuggler Barry Seal. Soon after, he was on two Central American flights from Mena airport aboard Mr. Seal's C-123K, running guns to the Contras. Mr. Brown, a former narcotics officer, says that when Mr. Seal showed him cash and cocaine shipments, he quit. When he confronted Gov. Clinton about the drugs and money, Mr. Brown allegedly was told not to worry about it. "That's Lasater's deal," Mr. Brown claims Gov. Clinton told him.

To be sure, Dan Lasater is a colorful figure. He ran a free-wheeling bond house in Little Rock, and was friend and campaign supporter to Bill Clinton. In 1986, in a case that also involved Mr. Clinton's brother, Roger, Mr. Lasater pleaded guilty to a cocaine distribution charge and went off to prison for a brief stay. The federal prosecutor who handled the case was George Proctor, a Carter-era appointee who now heads the Justice Department's Office of International Affairs; Mr. Proctor's office has authority over aspects of another of our longstanding concerns, BCCI. One of Mr. Proctor's predecessors at OIA, Michael Abbell, was in the news recently when he was indicted on racketeering charges in connection with the Cali drug cartel.

Our own reporting about Mena points more toward Washington than Arkansas. We want to know what the federal government knew about drugs and money flowing through the area. Our Micah Morrison has painstakingly separated fact from fiction regarding Mena and Barry Seal's involvement with the CIA, the Contras

and cocaine traffic. Mr. Seal, a sometime informant for the Drug Enforcement Agency, smuggled several billion dollars' worth of drugs into the country. In our October 18 story "The Mena Coverup," we detailed the short-circuiting of nine separate state and federal probes into Mena. Reliable sources in the intelligence community now tell us that in the years after Mr. Seal's death, some activities continued around Mena: an AWACs-Patriot system was tested, CIA contract planes were repainted, and the area was included in a counterterrorism exercise run out of nearby Fort Chaffee.

But the heart of Mena, we suspect, is narcotics, and on this aspect answers are lacking. Drugs? Arkansas officials wave off the question, saying Mena was a federal responsibility. The CIA blames a "rogue DEA operation;" the DEA isn't talking; the FBI says "no comment."

The betting around here is that L.D. Brown and others in the Arkansas State Police know a lot more about the matter—including what the feds were up to—than they are letting on. State police officers are starting to show up all over the Mena story. While we discount the extreme speculation in self-proclaimed CIA operative Terry Reed's book about Mena, "Compromised," it's interesting to note that Mr. Reed is making headway in Little Rock with his lawsuit against former state troopers Tommy Baker and Buddy Young; Mr. Young also served for a time as Gov. Clinton's security chief. Mr. Reed's lawyers have deposed several state troopers in connection with the case, Mr. Tyrrell says. Last year "CBS Evening News" reported that a top Arkansas State Police official played a role in derailing an early effort to advance the Mena probe.

Some reports to the contrary, we see no indication that Independent Counsel Kenneth Starr is investigating Mena or Mr. Lasater. Mr. Starr appears to be sticking close to his mandate to examine matters arising from Madison, the Whitewater Development Co., or Mr. Hale's Capital Management Services.

Yet Mena cries out for investigation. A congressional committee with resources, subpoena power, and the perseverance displayed by some past chairmen should look into this. If some chips fall on the Republican side, so be it. Important questions need to be answered.

Was Mena simply a remote outpost of the Cold War? Or was it a major trans-shipment point for drugs and money laundering? To what degree were government officials involved? Where did all the cocaine and cash involved in the Barry Seal operation go? Were Arkansas financial institutions involved in laundering drug money?

Again, how Mena worked is of some present moment as the U.S. continues to wrestle with illegal drugs—their use apparently on the increase again among teenagers—and the attendant corruption. Mena may provide a window into one of the big sources of this problem.

Big Temptation

Philanthropic and productive are Bank a bit from the rest of the econ...

By CHRISTINA HOFF SOMMERS
New Jersey sponsors the "New Jersey Project": Its goal is to "transform" the curriculum in higher education to make it more multicultural and "inclusive." The project circulates a "guideline" cautioning that "much previous scholarship has offered a white, male, Eurocentric, heterosexist, and elite view of 'reality.'" Citing the words of feminist historian of science Elizabeth Fee, the guideline explains how male scientists exploit nature the way a violent man exploits a helpless woman: "Nature was female, and knowledge was created as an act of aggression—a passive nature had to be interrogated, unclothed, penetrated, and compelled by man to reveal her secrets."

The document is striking because it emanates from an official government agency. But it is the kind of attack that has been routinely leveled at science by multiculturalists, radical environmentalists, feminist theorists and others on the cultural left for the past several years. One example from academia is a 1986 convocation address delivered by Donald Harward, then vice president of academic affairs at the College of Wooster in Ohio. Mr. Harward informed the students that "there is no objectivity even in science," and put them in the know by telling them that "learning and teaching have less to do with truth, reality and objectivity than we had assumed." He has since gone on to become president of Bates College in Maine.

An Active Defense
Until quite recently, professional scientists studiously avoided reacting to these sort of "critiques." Fortunately, some are beginning to realize that "anti-science" is a serious threat that calls for an active defense. Last month, under the auspices of the New York Academy of Sciences, University of Virginia biologist Paul Gross and Rutgers mathematician Norman Levitt helped organize "The Flight from Science and Reason," a high-level conference of more than 200 scientists, physicians and humanists who met "to consider the contemporary flight from reason and its associated anti-science."

The distinguished panelists, who included Harvard economist Henry Rosovsky and Nobel Laureate Dudley Herschbach, explored "fashionable irrationalisms," and examined "the threats, or the damage already done, to public understanding . . . and considered practical possibilities for effective responses."

In one damage report Prof. Gerald

Hollon, physicist at Harvard Univer
Smithsonian Ins
American Chemi
a more telling e
politics at the Sm
notorious Enola G
In 1989, the
Smithsonian Muse
to design a perman
in American Life."
usually expected an
triumphs of 20th ce
and did not imagin
spelled out in the
and \$5 million later
was an exhibition
can science as a s
and environment

A cons
scientists, p
up against

roshima and Nagas
Canal, Three Mile
Sion of the space sh
opposed to showing
science and techno
ing failures and ho
exhibit took an ove
view of American sc

Head curator Ar
moved by the ACS's
hibit lacked balanc
magazine, "The p
something about the
The curators defend
as if theirs was the
"We know it is imp
integrity of the Smit

American pre-em
high technology is o
the 20th will go do
American century. S
well as dismaying, ti
dians feel morally
American science ar
how it has dramatic
life. Negotiations b
and the Smithsonian
but a happy ending i

Martin Lewis, a
ronmentalists at Di
formed the conferen
science, coupled w
reason, is the norm
influential group of
the study of . . . en

Actions Spo

The greatest illusion in business is that employees work for managers; this, of course, is exactly the inverse of reality. As the unions learned in the 1920s, the day that a significant group of employees chooses to stop working, managers are helpless to carry out the tasks of business.

If you are a manager, the work force arrives at your doorstep every day primed to observe how you teach and implement the corporate culture and to measure how you exercise the standards your organization purports to honor. If the employees believe in you, they reward you with superior efforts. If you fail to meet their expectations, they punish you with substandard quality and efficiency. Work force productivity is a fair measure of how employees rate a manager's performance.

If you accept this premise, then you also will recognize that managers are primarily in the teaching business. Every philosophy, attitude and business practice used by a manager in dealing with his employees ultimately will be re-expressed by the employees through the quality of their work. Show me an organization with a high absentee rate, problems with expense accounts, or a cover-your-butt mentality, and I'll show you a manager who is se-

ered or the nature of t
tained. Managers re
sweet and sour.

Some years back,
with Jay Chiat, foun
ica's most honored a
"You know," Jay sa
continuously contact
stars and seduce the
salaries and lots of l
press. Yet, a year of
these young stars just

Manager

By J:

face of the earth." Wh
hired his hotshots,
couldn't buy were Chi
vironment and the sup
of talented colleagues
ative person's work so

Jay's point applies
Great work doesn't ju
minds of one or two c
produced by an entri
understands and enco

*2 letters re
coming from
Banking and
maybe HPSC-2
of this. You
are the winner!
Chalun*



7/18

RECEIVED
JUL 18 1995
By Kim 7:45

One Hundred Fourth Congress
Republican Staff

COMMITTEE on BANKING and FINANCIAL SERVICES

Subcommittee on Domestic and International Monetary Policy

B-303 Rayburn House Office Building
Washington, D.C. 20515

Phone (202) 226-0473
Fax (202) 226-0537

TO

FAX # (703) 492-8807

FROM James McCormick

DATE 7/17/95

PAGES (including cover sheet) 6

RE 7/21/95 Briefing

— this was to appear in the April Forbes but got spiked. We saw an advance copy awhile ago. This is the most cogently argued — if wild — of the genre I've seen. SC will except the community to be responsible to Q's based on the Norman piece. Jim Beach

Exclusive to Media Bypass Magazine

"Fostergate"

By James R. Norman

Was White House Deputy Counsel Vince Foster Selling U.S. Secrets to Israel? The CIA Suspects He Was.

© 1995 BY JAMES R. NORMAN
REPRINTED WITH PERMISSION



"FOSTERGATE"

Two weeks before his death on July 20, 1993, White House Deputy Counsel Vincent W. Foster went into a deep funk. The official cause of death, given by Independent Counsel Robert Fiske Jr., was suicide driven by depression over, among other things, some newspaper editorials. But Vince Foster had a much bigger and darker reason to be seriously bummed out. He had just learned he was under investigation for espionage.

Outrageous? To say the least. But a lengthy investigation has located more than a dozen sources with connections to the intelligence community who confirm a shocking story of money laundering and espionage connected to the highest levels of the White House. Without grants of immunity, the sources risk going to prison for violation of the National Security Act. Virtually all have demanded anonymity.

According to a veteran Central Intelligence

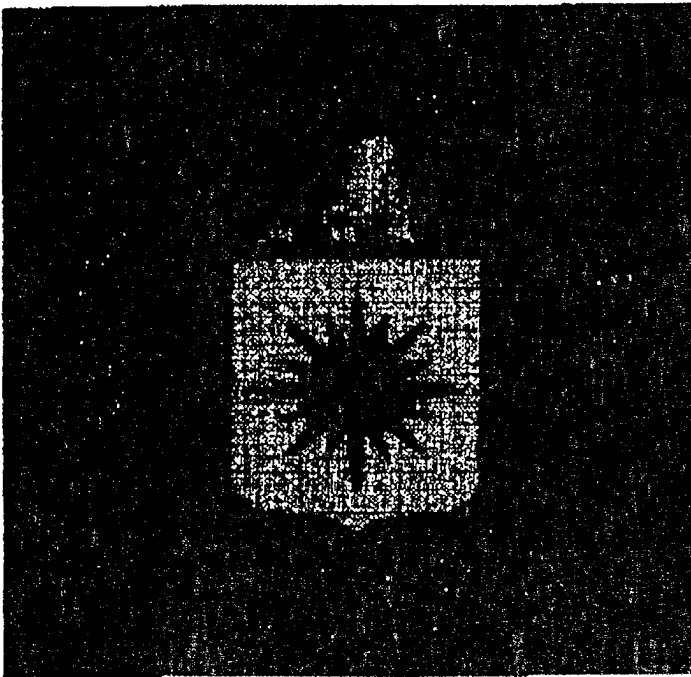
Agency operative close to the Foster investigation, Foster's first indication of trouble came when he inquired about his coded bank account at Banca Della Svizzera Italiana in Chiasso, Switzerland, and found the account empty. Foster was shocked to learn from the bank that someone using his secret authorization code had withdrawn all \$2.73 million he had stashed there and had moved it

to, of all places, the U.S. Treasury.

Then, according to credit card records reviewed by a private investigator who has revealed them, Foster canceled the two-day round-trip TWA and Swiss Air plane tickets to Geneva he had purchased on his American Express card through the White House travel office on July 1.

Discreetly he began asking what was afoot, says the CIA source, confirming that someone in the White House tipped him off. It was bad news. The CIA had Foster under serious investigation for leaking high-level secrets to the State of Israel.

For months, a small cadre of CIA computer hackers known as the Fifth Column, armed with a Cray supercomputer, had been monitoring Foster's Swiss account. They had located it by tracking money flows from various Israeli government accounts after finding Foster's name while secretly snooping through the electronic files of Israel's Mossad. Then by snooping through the bank files, they



36

gathered all the information needed to withdraw the money.

Foster was just one of the first of scores of high level U.S. political figures to thus have their secret Swiss accounts looted of illicit funds, according to both this veteran CIA source and a separate source in another intelligence agency. Over the past two years, they say, more than \$2 billion has been swept out of offshore bank accounts belonging to figures connected to the U.S. government with nary a peep from the victims or their banks. The claim that Foster and other U.S. figures have had offshore accounts has been confirmed by a separate high-ranking CIA source and another in the Department of Justice.

Various sources, some of them controversial, have contributed other pieces to this puzzle. Whatever their motivations, these sources have proven remarkably consistent. Their stories jibe well with known facts and offer a most plausible explanation for Foster's mysterious depression. It would also explain Washington's determined effort to dismiss the Foster affair as a tragic but simple suicide.

Vince Foster a spy? Actually, it is much worse than that. If the CIA's suspicions are confirmed by the ongoing foreign counterintelligence probe. He would have been an invaluable double agent with potential access to not only high-level political information, but also to sensitive code, encryption and data transmission secrets, the stuff by which modern war is won or lost. That is because for many years, according to nine separate current and former U.S. law enforcement or intelligence officials, Foster had been a behind-the-scenes manager of a key support company in one of the biggest, most secretive spy efforts on record, the silent surveillance of banking transactions both here and abroad.

This bank snooping effort began in earnest soon after Ronald Reagan became president in 1981. Its primary aim was to track the money behind international terrorists groups and soon came to be dubbed, "Follow the

money", according to the originator of the program Norman A. Bailey. Now a private Washington consultant on international banking, Bailey was an economist and Reagan advisor on the National Security Council. It was Bailey's idea to begin using powerful new computer and electronic eavesdropping technologies then emerging to let the intelligence community monitor the previously confidential flow of bank wire transfers. This was no small task; more than \$1 trillion a day moves through New York alone.

Bailey himself constrained by the

Various sources, some of them controversial, have contributed other pieces to this puzzle.

Whatever their motivations, these sources have proven remarkably consistent. Their stories jibe well with known facts and offer a most plausible explanation for Foster's mysterious depression.

National Security Act, claims he doesn't know exactly how the data was collected. But he confirms that within a few years the National Security Agency, the signals intelligence arm of the government, had begun vacuuming up mountains of data by listening in on bank wire traffic. It became a joint effort of several Western governments with the Israelis playing a leading role, since they were the main target of terrorism.

Other intelligence experts say the flow of bits and bytes was captured by various means; from simply tapping phone lines to implanting customized chips in bank computers to store up and periodically burst-transmit data to a passing van, or

low-flying "sig-int" or signals intelligence satellite. Another part of the problem was to get the world's banks to standardize their data so that it could be easily analyzed. And that brings us to PROMIS, a powerful tracking software developed for the U.S. Government and then further enhanced by a little company called Inslaw Inc.

PROMIS stands for Prosecutor's Management Information Systems and was designed to manage legal cases. In 1982, just as Bailey's follow-the-money effort was gaining steam, the Reagan Justice Department eagerly snapped up Inslaw's newest version of PROMIS. But the government refused to pay the \$6 million owed for it, claiming part of the contract was not fulfilled. Inslaw, forced into Chapter 11 reorganization, and nearly driven to quick liquidation by the government and its former partner AT&T, hotly denied that claim. Ultimately, a bankruptcy judge ruled the government stole the PROMIS software by "trickery, fraud and deceit".

Why PROMIS? Because it was adaptable. Besides tracking legal cases, it could be easily customized to track anything from computer chip design to complex monetary transactions. It was especially useful for tracking criminals or just plain political dissidents. Inslaw claims the software was eventually illegally sold to as many as 50 countries for use by their police, military or intelligence agencies, including such bloody regimes as Guatemala, South Africa and Iraq (before the 1990 invasion of Kuwait). Profits on these sales, Inslaw claims, went mainly into the private pockets of Republican political cronies in the 1980s, including Reagan confidant Earl Brain, former part-owner of UPI and FNN.

Among the biggest profiteers on PROMIS, according to the 1992 book by former Israeli anti-terrorism staffer Ari Ben-Menasche, was former British publisher Bob Maxwell. On behalf of the Israelis, Maxwell aggressively marketed a doctored version of PROMIS equipped with one or more "back doors" to allow an outsider to tap into the user's data base

without leaving an audit trail. In fact, it may have been such rigged programs that allowed noted Israeli spy Jonathan Pollard, from his computer terminal at the Office of Naval Intelligence in Washington, to download vast amounts of top secret U.S. nuclear weapons and code data in the mid-1980s.

According to a heavily-redacted New Mexico FBI counterintelligence report, Maxwell was apparently allowed to sell two copies of PROMIS back to the U.S. weapons labs at Sandia and Los Alamos, for what InsLaw claims was a hugely inflated price of \$37 million. That would have allowed Pollard, if he was using the rigged program, to obtain U.S. missile targeting data long before Israel had its own satellite capability, thus making it a real nuclear threat to the Soviet Union. Pollard was convicted of espionage and sentenced in 1986 to life imprisonment. U.S. officials have vehemently opposed efforts to gain his early release.

Maxwell, according to Ben-Mansachs and nine other sources, was also selling pirated versions of PROMIS to major world banks for use in their wire transfer rooms to track the blizzard of numbers, authorization codes and confirmations required on each wire transaction. Don't expect any banks to admit running PROMIS. They probably now know it was pilfered. But they readily took it both because it was the best tracking software available at the time and because the U.S. government was tacitly leaning on them to go along with the surveillance effort or face regulatory reprisals or prosecution on money laundering charges. With the widespread adoption of PROMIS, the data became standardized and much easier to analyze by the NSA.

It took some effort to install and support PROMIS in the banking industry. That's where Vince Foster came in. Sources say that since at least the late 1970s, Foster had been a silent, behind-the-scenes overseer on behalf of the NSA for a small Little Rock, Ark., bank data processing company. Its name was Systematics Inc., launched in 1967 and funded and controlled for most of its life

by Arkansas billionaire Jackson Stephens, a 1946 Naval Academy graduate along with Jimmy Carter. Foster was one of Stephens' trusted deal makers at the Rose Law Firm, where he was partner with Hillary Rodham Clinton, Webster Hubbell and William Kennedy (whose father was a Systematics director). Hubbell also played an overrider role at Systematics for the NSA for some years according to intelligence sources.

Systematics has had close ties to the NSA and CIA ever since its found-

Sources say that since at least the late 1970s, Foster had been a silent, behind-the-scenes overseer on behalf of the NSA for a small Little Rock, Ark., bank data processing company. Its name was Systematics Inc., launched in 1967 and funded and controlled for most of its life by Arkansas billionaire Jackson Stephens, a 1946 Naval Academy graduate.

ing, sources say, as a money-shuffler for covert operations. It is no secret that there were billions of dollars moving around in "black" accounts — from buying and selling arms to the Contras, Iran, Iraq, Angola and other countries to paying CIA operatives and laundering money from clandestine CIA drug dealing. Having taken over the complete computer rooms in scores of small U.S. banks as an "outsourced" supplier of data processing, Systematics was in a unique position to manage that covert money flow. Sources say the money was moved at the end of every day disguised as a routine bank-to-bank balancing transaction, out of view of bank regulators and even the banks themselves. In short, it became cyber-money.

One man who uncovered the link between Systematics, Foster and covert money movements from arms and drugs was Bob Bickel, who was an undercover Customs Investigator in the 1980s. "We found Systematics was often a conduit for the funds" in arms and drug transactions, says Bickel, now living in Texas: "They were the money changers." His story is corroborated by a former CIA employee who says it was well known within the agency in the late 1970s that Foster was involved with Systematics in covert money management.

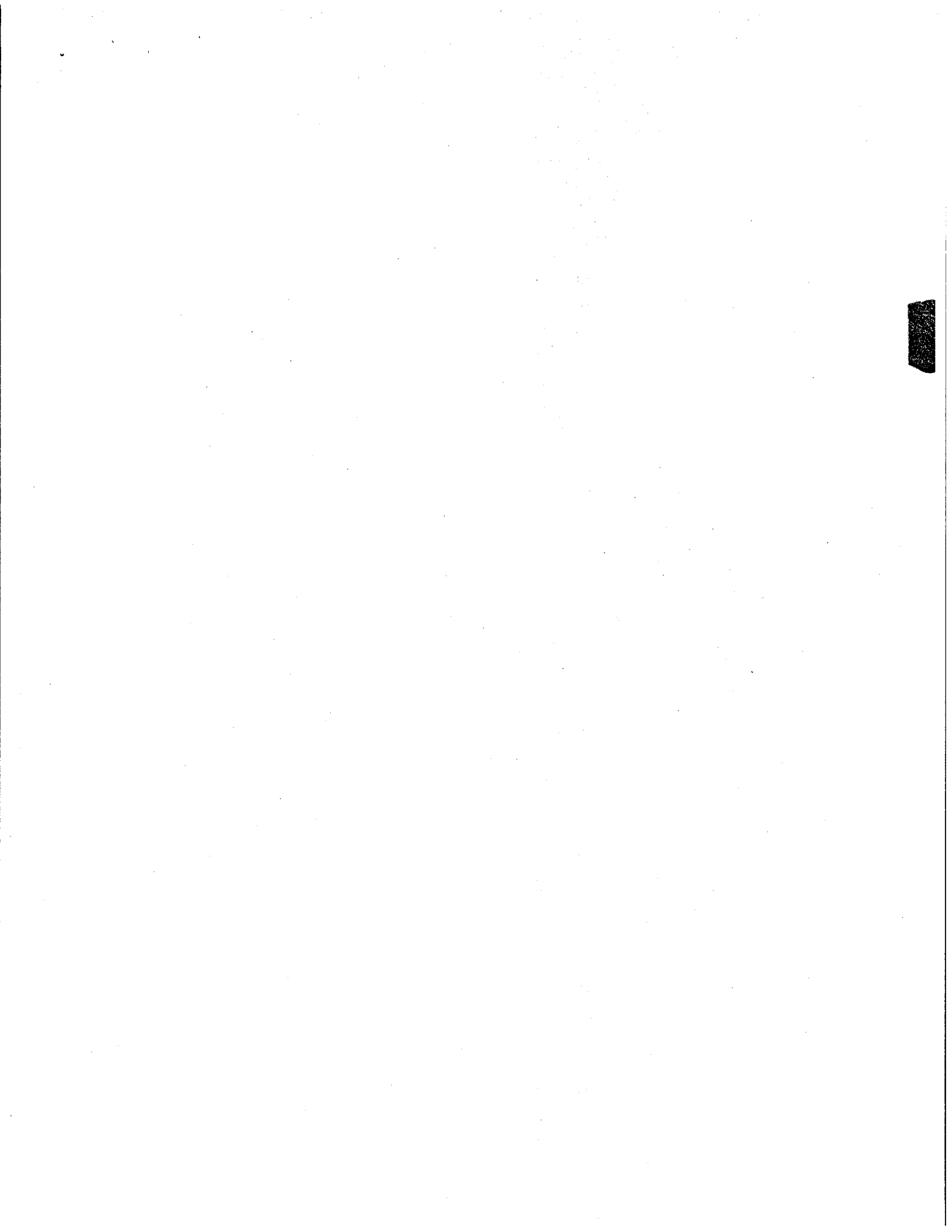
Another source is Michael Riconosciuto, former research director of the covert arms operation at California's tiny Cabazon Indian Reservation in the early 1980s. Riconosciuto claims his crew of computer programmers helped customize PROMIS there for banking and other use. He is now serving 30 years in a South Carolina federal prison ostensibly on drug charges. Though maybe not a credible source on his own, his story fits well with other sources.

Systematics' money-laundering role for the intelligence community might help explain why Jackson Stephens tried to take over Washington-based Financial General Bankshares in 1978 on behalf of Arab backers of the Bank of Credit and Commerce International. BCCI's links to global corruption and intelligence operations has been well documented, though many mysteries remain.

According to a lawsuit filed by the Securities and Exchange Commission, Stephens insisted on having then-tiny Systematics brought in to take over all of FGB's data processing. Representing Systematics in that 1978 SEC case: Hillary Rodham Clinton and Webster Hubbell. Stephens was blocked in that takeover. But FGB, later renamed First American, ultimately fell under the alleged domination of BCCI through Robert Altman and former Defense Secretary Clark Clifford. According to a technician who worked for First American in Atlanta, Systematics became a key computer contractor there anyway.

In the 1980s, Systematics' business boomed. When it first sold stock

FOSTER GRASS



One Hundred Fourth Congress
Republican Staff

JUL 21 1995
BY 3.30 Kim

COMMITTEE on BANKING and FINANCIAL SERVICES

Subcommittee on Domestic and International Monetary Policy

B-303 Rayburn House Office Building
Washington, D.C. 20515

Phone (202) 226-0473
Fax (202) 226-0537

TO

[Redacted recipient name]

FAX # ()

FROM

James McCormick

DATE

PAGES (including cover sheet) 11

RE

Today's briefing.

Many thanks, I think it was extremely helpful. If you could get back to us on loose ends and that letter, we'd be appreciative. If we could also get back to you with any add'l Q's on Mana.

*Thanks
JW19*

7/21/95

Questions for CIA and NSA representatives

Background

As you know, there have been many published reports and allegations that the airport in Mena, Arkansas, was the base for a significant operation, allegedly in support of contra operations in Central America.

Planes reportedly flew arms to the Contras in Nicaragua and returned from Central America with drugs, and the proceeds from the sale of these drugs was then supposedly [redacted] in Arkansas, possibly with the knowledge of state authorities and the involvement of companies called Park-o-Meter and Systematics. There are tales that some of this [redacted]

Please understand that I am not interested in launching a new probe of our Contra policy with the intent of suggesting wrongdoing by your agencies. What I am obligated to do is probe Whitewater-related allegations so that they can be proven true or false, as well as certain other issues that fall under the jurisdiction of the Banking and International Relations committees on which I serve. There is a lot of smoke here and possibly very little fire. Nevertheless, it is important that I be able to affirm that all allegations have been thoroughly reviewed.

General Questions

-- Have any of you or anyone else at either the CIA or the NSA discussed this inquiry from us with anyone at the White House, the Department of Justice or any other government organization?

-- Does the CIA or NSA have knowledge of or any involvement in clandestine activity by the U.S. Government or any private parties in or near Mena, Arkansas, in the 1980s?

-- Have any reports on activities in and around Mena been prepared for the DCI, specifically, for former Director Woolsey?

A. Gun Smuggling

-- Did the CIA or NSA have any involvement in, or knowledge of, any operation by the U.S. government or the so-called "private benefactors" (led by retired Gen. Richard Secord) to train pilots and/or ship arms from the Rich inter-mountain regional airport at Mena to the Nicaraguan Contras?

-- If so, did any such activities take place with the knowledge or approval of other Federal officials?

-- Did any such activities take place with the knowledge or approval of Arkansas state government officials?

SENT BY AIR MAIL TO THE DIRECTOR OF THE FBI ON 1/21/87

DEVELOPMENT

-- Did the CIA contract with any Arkansas manufacturers to build automatic weapons for the Nicaraguan Contras?

-- Does the CIA or NSA have any contractual relationship with, or knowledge of, an Arkansas company called Park-o-Meter, also known as POM? Do you have any reason to believe that POM produced disposable fuel tanks for use by Barry Seal and possibly others in connection with supplying arms to the Contras? X

B. Barry Seal and Associates

-- Did the CIA or NSA have any contractual or other relationship with the late Adler Barriman "Barry" Seal (Seal was murdered, allegedly at the direction of Columbian drug lords, in Feb. 1986)?

-- To your knowledge, did any other government agency (such as the DEA or DIA) have any contractual or other relationship with Barry Seal?

-- Is the CIA or NSA aware of any IRS determination that money earned by Seal between 1984 and 1986 was not illegal because of his alleged CIA-DEA employment?

-- Did the CIA have any involvement in, or knowledge of, the installation of cameras on Seal's C-123K transport plane for

use in a 1984 "sting" operation against the Sandinista official Federico Vaughan?

-- Was Seal's C-123K cargo plane, christened Fat Lady (serial number 54-0679), sold by Seal to the CIA or any other U.S.-government related entity? Was this plane later shot down over Nicaragua with a load of arms destined for the Contras?

-- Did the CIA have any contractual or other relationship with Terry Reed, a former Air Force intelligence officer (who claims he had a relationship with the CIA in the 1980s) and author of Compromised: Clinton, Bush and the CIA?

-- Did the CIA ever have dealings with former Arkansas State Trooper L.D. Brown?

-- Is the CIA or NSA aware of any attempts by federal or state officials to interfere with or terminate any investigation the IRS, Justice Department, Arkansas State Police or any other law-enforcement authorities into Mena-related criminal conduct?

C. Narcotics Smuggling

-- Did the CIA or NSA have any knowledge of or involvement in illicit narcotics trafficking, possibly by rogue operatives, in or near Mena, Arkansas? As you know, there have been allegations that on

their return flights from Central America, pilots smuggled more than 20 tons of cocaine into Mena.

D. [redacted]

-- Did the CIA or NSA have any indication that [redacted]
[redacted]

-- Does the CIA or NSA have any indication that by Barry Seal or his associates attempted to [redacted]
[redacted]

-- Does the CIA or NSA have any indication that [redacted]
[redacted]

E. [redacted]

-- Does the CIA or NSA know of any [redacted] or more ever held by U.S. citizens domiciled in Arkansas at anytime between 1988 and now?

-- Is the CIA or NSA aware, directly or indirectly, of any efforts by [redacted]
[redacted]

[Redacted]

-- Does the CIA have the capability of [Redacted]
[Redacted]

-- Does the NSA have the capability of [Redacted]
[Redacted]

-- [Redacted]
does CIA and/or NSA have the capability, directly or through another party, of [Redacted]
[Redacted]

-- Does CIA or NSA have the authority to [Redacted]
[Redacted]

-- Has CIA or NSA ever [Redacted]
[Redacted]

-- Does the CIA maintain a team of skilled computer hackers who routinely break into the electronic data systems of foreign banks? According to one source, this group

is informally known as the Fifth Column.

Correct?

-- Does the NSA [redacted]

[redacted]

-- Does the CIA or NSA know of or has either agency participated in, directly or indirectly, efforts to sell software-- notably versions of a program in use at the Justice Department called PROMIS

--or other devices to foreign banks for the purpose of facilitating [redacted]

[redacted] of their electronic data systems.

-- Does the CIA or NSA know of customers to whom this software has been sold? [redacted]

-- Is the CIA or NSA aware of any attempts by [redacted]

-- Does CIA or NSA know of any efforts by [redacted]

-- Has the CIA or NSA received any indication that proceeds from the sale of PROMIS or similar software were used to finance arms shipments to the Contras?

-- Are there any indications of

[REDACTED]

-- Is the CIA or NSA aware of any unauthorized efforts, possibly in the margin of legitimate intelligence operations, to

[REDACTED]

-- Does CIA or NSA know of a Charles Hayes, who was born on 4/27/35, whose social security number is [REDACTED] and who now resides in Nancy, Kentucky?

-- If so, has Hayes ever had any ties to the CIA or NSA or any other U.S. government agency? Have these ties been severed?

-- Hayes claims to be able to break into the electronic data systems of foreign banks. Has CIA [REDACTED]

[REDACTED]

-- Is NSA or CIA aware of an account, number b-142AB2, at the Banca Della Svizzera Italiana in Chiasso, said to have belonged to Vincent Foster?

-- Is either the CIA or NSA aware of any foreign governments that might have provided arms, money or assistance to any group operating out of Mena?