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## APPENDIX

## PREPARED STATEMENT OF MR. BIAMBY

From the time of Haitian independence in 1804, United States foreign policy toward Haiti has been a failure. During most of the 19th century, the United States, offended at the idea of an independent black republic, even refused to recognize Haiti's existence. When in 195 the United States became active in Haitian political affairs, it did so by sending in Marines to occupy the country. This action was prompted by American business interests and by the threat of German imperialism in the region, although the United States justified the occupation as a means of restoring order to a country in political and economic turmoil.

During its 20-year occupation of Haiti, the United States did manage to restore order to the country, but at the expense of several thousand Haitian lives. As part of this process, an effective centralized government was created in Haiti, one supported by a strong national guard. Many of the officers of this guard received—and continued to receive—training in the United States. However, because the United States has made only minimal efforts to establish the sorts of democratic institutions that would make Haitian leadership answerable to the will of the Haitian people, a type of government resulted from the occupation that lent itself easily to corruption and to the exploitation of those it claimed to govern.

When Francois Duvalier assumed power in 1957, he took full advantage of the state apparatus the United States had created. By claiming to be a bulwark against communism in the Caribbean, Duvalier managed to limit U.S. opposition to his dictatorial rule and to retain U.S. aid. To consolidate his power, Duvalier found it necessary to keep the military in check. He accomplished this by reorganizing and partially decentralizing the military as well as by creating his own loyal volunteer army, the notorious tonton macoute. The macoute became a predatory force upon the Haitian countryside, making its livelihood through bribery, extortion, and other state-sanctioned criminal activities.

In 1985, after 30 years of Duvalier-family rule, the Haitian people finally took to the streets and forced Jean-Claude Duvalier to flee the country. The people had no weapons, but they hoped that the military would support them in their struggle against the Duvalier family and the tonton macoute. Not that the military was touched by the corruption that characterized the Duvalier era. Officials in the military had been close advisors to Francois and Jean-Claude Duvalier and had shared with them much of the wealth acquired at the expense of the Haitian people. However, the people of Haiti, who had suffered greatly under the tonton macoute, looked upon the military as the lesser of two evils and as an ally against the rival macoutes.

As his last official act before leaving Haiti, Jean-Claude Duvalier created a National Governing Council—CNG—presided over by Lt. Gen. Henry Namphy. At first, some foreign observers thought that the military-dominated CNG might eliminate the dreaded macoute and restore democracy to Haiti. But this was not to happen. Instead, the military leadership took the path of least resistance, simply stepping into the gap created by Duvalier's departure, joining forces with the tonton macoute, and resuming the old pattern of exploitation and terror. Indeed, the military sabotaged the very democratic elections of its leaders and promised to support. Voters were murdered at the polls by military assassins and the CNG canceled the election and staged a phony one in which a puppet government under Leslie Manigat was established. Finally, dispensing with Manigat and with all pretense of democratic process, Namphy resumed the leadership of Haiti, declaring that his people were not yet ready for democracy.

Throughout the CNG and post-CNG period, the United States Government failed to respond appropriately to events in Haiti and failed to support those popular leaders and political parties in Haiti that sought to bring genuine democracy to their country. At the very least the United States could have offered education and technical assistance to these parties. In its failure, the United States Government conveyed to the military leadership of Haiti the certainty that it could act as it pleased and be answerable to no one, not to the Haitian people, not to the United States Government, and not to world opinion. The result is a country ruled by a mafia-style organization that sustains itself by preying upon its own people and, through its involvement in the Colombian drug trade, also upon the people of the United States. Both through its actions and inactions, the United States Government has

created a Frankenstein monster in Haiti. And as we know, it is the nature of such monsters to turn against their creators.

For years the leaders of Haiti and their agents have lived as parasites off the Haitian people, either taking from them directly or siphoning off foreign aid. The drug trade is a relatively new venture for government officials beginning in the early 1980's with such men as Jean-Claude's father-in-law, Ernest Bennett, and the macoute leader, Lyonel Wooley. The crackdown by U.S. officials on Colombian drug traffickers led them to search for alternative routes for transporting drugs to the United States. In Haiti, greedy and corrupt government officials put an entire country at their disposal. Until Duvalier's departure, however, the United States Government either did not recognize or refused to acknowledge Haiti's involvement in the drug trade. The Haitian Government employed first-rate public relations firms who made it quite clear to United States officials that Haiti was a staunch ally in the fight against communism. Opposition leaders who decried against the criminal activities of Haitian officials were, in turn, branded as Communists, and their accusations were dismissed as politically motivated. Since Duvalier's departure, however, United States officials have publicly acknowledged Haiti's involvement in drug trafficking—or, at least, the involvement of one Haitian military officer—but this action is as much prompted by events in the United States—particularly by the realization that we are losing the war against drugs—as by anything that is happening in Haiti.

Of course, as the Haitian military leadership becomes more blatant in its demonstrations of power, its role in the drug trade will also increase and become more obvious. In fact, Haiti may well be on the way to becoming a haven for drug traffickers and dealers, terrorists, as well as international fugitives. Evidence of change in Haiti includes not only recent political events but also the increased presence in Haiti of Colombian drug traffickers who are settling and establishing businesses there that serve as fronts for their illicit operations. Further evidence is provided by the many Haitians, young and old, of all socioeconomic classes who are becoming dependent upon cocaine. Indeed, Haiti is one of the cheapest places in the world to purchase this drug.

Colombian drug dealers use small planes, freighters, and pleasure boats to transport drugs to Haiti. Drugs are unloaded in Haiti until arrangements are made for further shipment to the United States, although, as indicated, a portion of the cocaine is consumed locally. Among the Haitian military officers involved in this trade are Col. Jean-Claude Paul, Gen. Williams Regala—once a member of the CNG and now a cabinet minister under Namphy—Col. Acedius S. Louis, Gen. Gregoire Figaro, Col. Hyppolite Gambetta, Col. Bordes Achilles, Col. Prospere Avril—who is said to have engineered Namphy's return to power, Maj. Jean-Robert Figaro, Maj. Joseph Dominique Baguidy, and Maj. Rosny Casimir. Others like Namphy who may not be directly involved in drug trafficking, receiving payoffs from those who are. Given the involvement of these military officers in drug trafficking, it is understandable that they would actively oppose any effort to establish a democratically elected government in Haiti. Indeed, most of the political events in Haiti following Duvalier's departure in one way or another stem from the efforts of these men to retain power and with it the lucrative drug trade. Thus, political events in Haiti have profound repercussions in the United States.

Drugs from Haiti enter the United States by boat and plane. Bennett's passenger airlines, Haiti Air, was once a major carrier of Colombian cocaine. Once drugs arrive in the United States, contact persons, such as Lyonel Wooley, who keeps a residence in Miami, deliver them to dealers. Some of these dealers have also become active in south Florida's Haitian community. Whereas until several years ago the Creole language did not even have a term for cocaine, there are nowadays crack houses throughout Haitian neighborhoods. Even Haitian schoolchildren have easy access to these drugs.

Efforts by United States officials to end Haiti's involvement in the drug trade have been unsuccessful. After Duvalier's departure, the DEA set up an office in Haiti. However, the office employs paid informants who are themselves either active drug dealers or double agents working for the Haitian military. Haitian Government officials have also ordered occasional drug busts to appease DEA agents. But these busts are relatively minor. Only a small portion of the cocaine recovered in these operations is actually destroyed. Officials usually manage to keep most of it themselves, in this way both deceiving DEA agents and doublecrossing their Colombian partners. In general, the DEA's presence in Haiti has made little impact upon the Haitian drug trade. Nor have local law enforcement agencies in south Florida been any more successful in stemming this trade. Handicapped by a shortage of qualified personnel and equipment, these agencies do not function effectively.

In order to fight the Haitian drug trade, United States officials must recognize that the Haitian Government itself is implicated in this trade—implicated so deeply, in fact, that the trade will only end with the removal of this government. Of course, enlarging the DEA presence in Haiti and providing additional personnel and equipment to law enforcement agencies in south Florida will at least partially address the problem. In the context of considering how best to allocate its scarce human and other resources, the United States Government must also decide what its priorities are—stopping the flow of drugs from Haiti or stopping the flow of refugees escaping intolerable political and economic conditions in their homeland. My belief is that drugs, not refugees, represent the greater threat to the integrity of the United States and that the men and vessels used to interdict these refugees should be more appropriately diverted to the interdiction of drug traffickers.

Ultimately, the United States Government will have to deal with the Haitian drug trade at its source: The dozen or so military officers who monopolize the trade and control the country. In doing so, United States officials must develop a more sophisticated understanding of political processes in Haiti than they have exhibited in the past. Not every person or political party in Haiti that opposes the government or seeks its collapse is Communist inspired. There are forces at work for democracy in Haiti, even forces within the military itself. Before the Haitian Government fully consolidates its position of power, the United States must act. It can do so in part by identifying popular leaders and political leaders in Haiti that are dedicated to democratic reform and by supporting them in their efforts to create a new government in Haiti. Presently, there are four major political parties in Haiti that have popular support and that oppose the Haitian Government. The United States should offer them funds and technical assistance and help them to create viable organizations that can withstand whatever repressive measures the Namphy government takes against them.

Also, by consulting popular Haitian leaders, both in Haiti and among Haitians in this country, United States officials can determine where the divisions within the Haitian military lie and how best to use these to promote democratic reform. (Few of the military leaders who control the drug trade command great loyalty from their troops. For the most part they command only the loyalty that their drug money can buy.) I am told that some lesser officials within the military are, in fact, honest men who would readily support democratic reform given the right opportunity. Some effort should be made to relocate, consult, and eventually support such men in order for the United States to implement an enlightened and workable foreign policy toward Haiti. Nor should United States officials rule out eventually lending their support to those persons and groups in Haiti who in the name of democracy advocate the violent overthrow of the Haitian Government. After all, there is precedent for democratic revolution even in U.S. history.

While supporting democratic forces in Haiti, the United States Government should also intensify its investigations of the Haitian drug trade in order to identify beyond any doubt the drug traffickers in Haiti, their methods of operation, and their contacts in the United States. Those involved in the trade should not be allowed to move freely between Haiti and the United States or to maintain residences in this country. Once United States officials are satisfied in their knowledge that the highest officials in Haiti are deeply involved in the drug trade, the United States Government must take a firm stand against them and against the government they represent. United States Representatives and Senators must support and even strengthen the resolutions presently under consideration in the House and Senate calling for stiff economic and political sanctions against the Haitian Government. United States officials must stop the flow of weapons from this country to Haiti (some of which are purchased by Haitian Government agents with money made in the drug trade), and they must also attempt to discourage other countries, such as Israel, from selling arms to the Haitian Government. Only by acting firmly and consistently in its dealing with Haiti and its military leaders can the United States hope to establish a secure and effective foreign policy that is at the same time practical and moral and that will command the respect of other countries.

Finally, I would like to make a plea on behalf of the Haitian community in the United States. Drug consumption has only recently become a problem in this population, especially among the youth. Parents of schoolchildren, not knowing how to react to such an unprecedented situation, stand helplessly by or react inappropriately, and the problem intensifies. A broad, culturally sensitive campaign of education might still turn many of these young people around before it is too late and also teach parents how to react to drug consumption by their children. Federal authorities should provide the funding and other resources necessary to initiate such a campaign. The Haitian community will thank them for it.

#### PREPARED STATEMENT OF RICHARD HOLWILL

Mr. Chairman, distinguished members of the Senate Subcommittee on Narcotics and Terrorism, ladies, and gentlemen:

Thank you for this opportunity to discuss the issue of narcotics as it relates to Haiti. Indeed, narcotics trafficking and narcotics-related corruption are serious and growing problems throughout the Caribbean region, and Haiti is no exception.

By geography and circumstance, Haiti is particularly susceptible to narcotics trafficking and its inherent corruption. Haiti is strategically located at the midpoint of the Caribbean, between South America and the Florida Peninsula. It is ideally located to be a transit-refueling stop for traffickers. The country has 1,500 kilometers of essentially unpoliced shoreline marked by innumerable coves and inlets. Much of its mountainous terrain is nearly inaccessible by road, but open through either existing airstrips or open places which can be used as landing strips for small aircraft.

The problem of countering the flow of narcotics further is exacerbated by Haiti's extreme poverty. With an average per capita income of \$379, Haiti is the poorest country in this hemisphere and one of the poorest in the world.

Given the daily struggle of most Haitians just to survive, the lure of narcotics money is potentially irresistible. A prominent Haitian recently pointed out to me that an offer of \$10,000—by traffickers' standards a paltry sum—would be more than most Haitians could save through a lifetime of hard labor. Bluntly put, the temptations for bribery and corruption are prevalent and the expectations of economic and social development few, under even ideal circumstances. And we all know that such circumstances hardly exist in today's Haiti.

Related to Haiti's pervasive and grinding poverty is the government's lack of resources effectively to deal with narcotics trafficking and its pernicious aspects.

Although reliable statistics are not available, Haitian officials share the perception of a growing, domestic problem of substance abuse. If patterns elsewhere are repeated, this will give early rise to an upswing in violent crime.

Building on historically corrupt authority structures, narcotics traffickers have made inroads in both civilian and military circles. The inaccessibility of many areas within the country to which I referred earlier, coupled with inadequate communications facilities seriously complicate control or investigation of local officials' activities. It is our current assessment that narcotics corruption is not institutional but instead is limited to individuals. Even so, affiliation with key institutions such as the army or the government tends to buffer corrupt individuals from investigation or prosecution by a feeble police and judiciary.

The most apparent instance of this phenomenon is the case of Col. Jean Claude Paul. Although under United States indictment on narcotics' charges and despite some obvious embarrassment to Haiti's military rulers stemming from his open defiance of General Namphy's orders transferring him, Paul continues to command the powerful Dessalines barracks in Port au Prince. The government's inaction against Paul brings into question both its will and ability effectively to deal with narcotics' related corruption at high levels.

Despite these negative factors and considerations, our own interests make it imperative that we seek out those Haitian officials with whom we can work on narcotics issues. We have had some limited success in encouraging cooperation and in strengthening Haiti's antinarcotics capabilities. I should add, however, that we have yet to make major demands of these officials. Only last year, we opened a DEA office in our Embassy in Port au Prince. Thereafter, the Ministry of Defense established, with DEA support, a Center for Information and Coordination at Port au Prince airport. The CIC, modeled on the successful Dominican Joint Information Coordination Center (JICC), is manned 24 hours a day by Haitian military and civilian personnel. The CIC's information is fully and immediately shared with DEA. Since its opening, the CIC has developed information which has led to several significant cocaine and marijuana seizures.

More can and should be done. The harsh socioeconomic realities of Haiti necessitate a long-term approach to that country's narcotics problem. For the near to medium term, allocation of resources to the CIC should enhance and strengthen those elements within the Haitian Government which seem dedicated to counter narcotics trafficking. However, the problem is growing and it is apparent that we cannot ignore the problem in Haiti. That government must take on a more active role. How effective its efforts and institutions will become is yet to be determined. However, to achieve any measure of success, we must remain engaged and must continue to press for further cooperation.

Thank you, Mr. Chairman.

**PREPARED STATEMENT OF JOHN C. LAWN**

Mr. Chairman, Members of the Senate Subcommittee on Terrorism, Narcotics, and International Operations: I am pleased to appear before you today to discuss drug law enforcement. I would like first to discuss several countries which are playing a role in the drug trafficking and highlight some of our accomplishments in those countries.

**BAHAMAS**

The Bahamas are a significant transit point for cocaine and marijuana entering the United States.

Operation Bahamas and Turks and Caicos (BAT) is a joint United States/Bahamian effort. Its purpose is to disrupt the flow of narcotics and dangerous drugs through this area by denying use of the islands as aircraft refueling stops, storage locations, and staging areas for subsequent air or maritime shipment to the United States.

During the last nine months, Operation BAT personnel seized over 9 metric tons of cocaine, over 36 metric tons of marijuana, 11 vessels, and 22 aircraft. They also arrested 114 drug violators. These figures already surpass those of FY 87. Last month, Operation BAT personnel seized a record amount of cocaine, over 2.2 metric tons.

New interdiction programs, projects, equipment, and manpower have been officially encouraged and welcomed by the Government of the Commonwealth of the Bahamas. Bahamian Minister of National Security Paul L. Adderly, who is also the Attorney General, is providing forceful leadership of the Bahamian Police and Defence Forces. Mr. Adderly is continuing to cooperate fully in joint United States/Bahamian interdiction efforts.

The Intelligence Subcommittee of the United States/Bahamas Drug Interdiction Task Force, which is chaired by the Drug Enforcement Administration, recently reported an upgrading of its interdiction intelligence program in the Bahamas. It also reported the establishment of a special intelligence unit to monitor 26 marine ports and 16 airports in the Bahamas that could be used for drug smuggling.

We expect that the addition of United States manpower, equipment, and resources as provided by the 1986 Anti-Drug Abuse Act will continue to improve the effectiveness of drug law enforcement efforts in the Bahamas.

**COLOMBIA**

Colombia is a major source country for both cocaine hydrochloride and marijuana. Both the Colombian police and military authorities have been active in the interdiction of cocaine and marijuana, as well as cocaine essential chemical

shipments. The large-scale illicit drug industry has forced the Colombian government to face threats to its security and internal stability in the form of violence, intimidation, and corruption.

While coca cultivation in Colombia has expanded in recent years, Peru and Bolivia are the source countries of most of the intermediate coca/cocaine products that are refined into cocaine hydrochloride in Colombian laboratories. Coca in Colombia is eradicated manually when the fields are located. This generally occurs when police troops are in the area for drug interdiction operations.

In the first five months of this year, the Colombians have seized a total of 10.2 metric tons of cocaine base/cocaine hydrochloride. In May alone, 3.4 metric tons were seized. Also, during the first five months of 1988, they destroyed over 500 cocaine processing sites of various levels of sophistication. During one laboratory seizure last month, over 9,000 gallons of acetone were confiscated.

The cannabis eradication program continues in Colombia, but the number of hectares eradicated between January and May 1988 are below comparable 1987 figures. Police continue to conduct spray missions; however, crop detection abilities are limited. This may be due, in part, to low plant growth levels caused by drought conditions and/or a shift from previously known cultivation sites to new areas. Nevertheless, during this past

May alone, Colombian authorities seized a total of 12 metric tons of marijuana, bringing the total amount of marijuana seized to 268 metric tons between January and May 1988.

Within the past six months, there has been an increasing involvement of Colombian military forces in drug interdiction, which often falls under the umbrella of terrorist/guerrilla action. The Army is clearly in the lead in this effort, but Colombian Air Force and Navy/Marine elements are also involved. The police/military working relationship is developing successfully in the field, with cooperation evident at the command level.

The F-2 Unit is the investigative arm of the Colombian National Police; however, Colombia does not have a strong posture in drug investigations. The F-2 Unit is not reluctant to investigate, but it is under-staffed. It is also not able to advance to sophisticated investigations because personnel are constantly being rotated out of the unit, usually after one year, in accordance with their system. DEA and the Department of State/Narcotics Assistance Unit are working closely with the F-2 Unit in funding assistance.

#### HAITI

Although the subcommittee has asked me to comment on Haiti, DEA Special Agent in Charge Thomas Cash of our Miami Field

Division provided you with a comprehensive view of the drug situation in Haiti. I would only like to emphasize that, although the current political situation in Haiti is somewhat unstable, our efforts continue.

#### HONDURAS

The northern coastline and Bay Islands of Honduras are used to transship large quantities of cocaine and some marijuana via aircraft and vessels from South America to the United States. Two major cocaine seizures in the United States in 1987, totaling over 6 metric tons, transited Honduras.

We opened an office in Tegucigalpa, Honduras in October 1987 with a temporary duty senior special agent. The Tegucigalpa country office was permanently staffed last March. Cooperation has been good.

#### PANAMA

Panama is both a transit point for illegal drugs from South America to the United States and a transit point for precursor chemicals, particularly ether, from the United States and Europe to South America. Although still considered a safe haven for drug money laundering, recent political and economic turmoil seems to have caused a reduction in the use of Panama as a drug money laundering center.

DEA has had a long and generally positive working relationship with the Government of Panama in our joint efforts concerning crop eradication, narcotics investigations, money laundering, and drug interdiction. Since 1980, the Government of Panama has granted every request by U.S. authorities to board Panamanian-registered vessels on the high seas. Just two weeks ago, Panamanian officials granted permission to United States authorities to board a Panamanian flagged vessel off the coast of Washington state. Over 50 tons of marijuana were seized. Additionally, at DEA's request on various occasions over the past few years, Panamanian authorities have seized and destroyed large shipments of precursor chemicals.

Panamanian authorities have also been very cooperative in expelling directly to the United States those U.S. fugitives caught in Panama. Since 1985, the United States has requested 31 expulsions, each of which has been subsequently granted by the Government of Panama. In fact, in February 1988, following the Noriega indictment, at the request of DEA, Panama arrested and expelled a fugitive to Miami in a major cocaine investigation.

Last year, Panamanian authorities, particularly the Office of the Attorney General, worked closely with us in culminating the very successful Operation Pisces. This was the investigation in which DEA penetrated the highest level of cocaine trafficking in Colombia and elsewhere, arresting more than 400 individuals, most of whom were major drug violators. Cocaine seizures

amounted to over 950 kilograms. Total assets seized exceeded \$79 million, of which \$58 million were in currency. Panamanian officials were able to freeze \$12 million worth of the drug traffickers' laundered money from 77 bank accounts in 18 Panamanian banks. Since the auditing of those bank accounts was initiated, a little over \$1 million more has been frozen.

DEA has been assured by the Panamanian Attorney General that they intend to continue cooperating with DEA as they have in the past. For example, last month Panamanian authorities conducted a joint investigation with DEA involving the concealment of cocaine in shipments of frozen shrimp to the United States. This investigation resulted in the seizure of over 100 kilograms of cocaine in Miami. Additionally, Panamanian authorities arrested the key figures in this conspiracy in Panama.

I could continue to list positive results of our efforts in these countries, as well as in all the others where DEA has a presence. I would like to point out, however, that these successes and the continuing expansion of programs have occurred despite the corruptive and intimidating influence of drug trafficking on government officials and institutions.

DEA does not operate unilaterally overseas; we operate within the guidelines, laws, and policies of the host government. We are always aware of this environment and make the necessary adjustments to be as successful as we can. Sometimes, because of

conditions beyond our control, DEA managers overseas must deal with this issue of corruption. We are sometimes in the position of being aware of allegations against the very individuals with whom we work. Often, the allegations cannot be proved or disproved. Often, the allegations are malicious. However, in those instances where it is possible and appropriate, we have set in motion actions that caused these officials to be removed.

As you are aware, there have been several instances in recent years in which officials and former officials of foreign countries have been indicted in the United States on drug trafficking charges. We must be mindful of the fact that a case cannot be brought to trial without willing, credible witnesses whose testimony can be corroborated.

I would like to point out that there are sincerely committed and honest officials at all levels in every country where we serve. Many have given their lives in their efforts against drug trafficking. I hope that any focus on corruption will also acknowledge the great majority with whom we serve as dedicated government representatives.

While we are often frustrated, nonetheless successes in the anti-drug effort are possible and are occurring every day.

Mr. Chairman, this concludes my remarks. I appreciate this opportunity to discuss drug enforcement activities in the Bahamas, Colombia, Haiti, Honduras, and Panama. I will be pleased to answer any questions you may have.

## PREPARED STATEMENT OF RICHARD D. GREGORIE

Mr. Chairman and members of the subcommittee

I want to thank you for inviting me to testify at this hearing regarding the impact of foreign policy issues on law enforcement.

I am the Chief Assistant United States Attorney for the Southern District of Florida. I have worked as an attorney for the Justice Department for 16 1/2 years. I was Chief of The Narcotics Section in Miami from August of 1982 until March of 1986 and I was Chief of The Criminal Division from March of 1986 until April of 1987 when I became Chief Assistant.

During the six years that I have been a prosecutor in the Southern District of Florida, Miami has become known as the Casa Blanca of the 1980s. Just as that famous North African City became the meeting place for refugees, spies and criminals during the Second World War, Miami during the 1980s has become the central location for drug smugglers, money launderers, mercenaries, revolutionaries and refugees from political and economic disaster in other parts of the world.

In the past, law enforcement in the United States dealt primarily with crime within its borders. Today, however, we are overwhelmed by a torrent of cocaine and marijuana being brought to the United States from South and Central America, through the Caribbean Islands. The vast amounts of profits from the sales of these drugs are carried in cash or laundered through our banking system into a vast black market economy which threatens the economic security not only of our neighbors, but of ourselves. Most recently, it appears that Latin American drug producers are

experimenting with the production and shipment of heroin and may, as we speak, be preparing to use their cocaine smuggling apparatus to ship heroin to the United States.

In The Southern District of Florida we prosecute not only major narcotics importation cases, which have an impact on our nations foreign policy, but we also prosecute cases involving the illegal export of controlled United States Technology and weaponry. This includes everything from airplane parts to helicopters and computer equipment to highly sensitive satellite encryption devices. There is also a vast export market in weapons which includes arms of all kinds from small handguns to LAWS rockets.

Finally, in the Southern District of Florida we have been faced with an increasing number of Neutrality Act Violations. Miami has become headquarters to mercenary and revolutionary groups seeking to overthrow foreign governments by the use of military forces which are in part recruited, financed, trained and provisioned in the United States. The Neutrality Act is one of the oldest of our criminal statutes, but it has until now been used relatively little since the prosecution of Aaron Burr.

During my tenure as Chief of Narcotics, Chief of The Criminal Division and now Chief Assistant in the Southern District of Florida, I have personally prosecuted or supervised other Assistant United States Attorneys in prosecuting high ranking government officials in foreign governments. All of these prosecutions came about because Federal investigative agents and Assistant United States Attorneys have followed the evidence they uncovered wherever that evidence lead them without regard to the politics,



influence or power of those who the evidence showed violated the law. Ours is a nation of laws. We enforce the law without fear or favor for the rich or poor, powerful or weak. While it is important for our nation to maintain a strong foreign policy in a world shrinking as a result of super technology and high speed travel and to support an intelligence system capable of serving our foreign policy and defense needs, we should not allow that foreign policy or our intelligence system to become exempt from or indifferent to the very laws of the nation it is entrusted to protect.

The following is a list of some of the more important cases brought in The Southern District of Florida during the past six years which have an impact on foreign policy. This is far from an all inclusive list but one which provides an example of the kinds of cases confronting prosecutors in the Southern District of Florida. <sup>1/</sup>

\*1. United States v. Jaime Guillot-Lara: The indictment of four high ranking Cuban officials; Rene Rodriguez Cruz, a member of the Central Committee of the Communist party of Cuba and President of I.C.A.P., the Cuban Agency responsible for the activities of foreign visitors in Cuba; Fernando Ravelo-Renedo, the former Cuban Ambassador to Colombia; Gonzalo Bassols-Suarez, the Minister-Counselor of the Cuban embassy in Colombia; and Aldo Santamaria-Cuadado, Vice Admiral of the Cuban Navy. This case

<sup>1/</sup> \*Cases in which Richard D. Gregorie was the prosecutor.

was tried in Federal Court in Miami in 1983. Although none of these four officials were ever brought within the jurisdiction of the United States, all of the coconspirators were convicted by a jury which heard direct and cross examined public testimony concerning all of the defendants including testimony that one of the high ranking Cuban officials had stated "We'll drown them [Americans] in drugs." Jaime Guillot-Lara was arrested and in custody in Mexico, but the Mexican government set him free rather than extradite him to the United States. It is currently believed that Jaime Guillot-Lara is hiding in Cuba.

2. In 1988 the United States returned two more indictments alleging that Cuba is being used as a transshipment point for drugs coming to the United States. In United States v. Reinaldo Ruiz and United States v. Rigo Ceballos, the United States has already presented video taped evidence in open court pre-trial hearings that Cuban military assistance was provided to cocaine traffickers bringing cocaine from Colombia to the United States. These cases are scheduled for trial soon.

\*3. United States v. Miller and Rolle. This case involved a Bahamian immigration officer and an alleged political representative of Prime Minister Pindling who attempted to sell the use of an island in the Bahamas for importing cocaine. Both defendants were tried and convicted.

\*4. United States v. Nigel Rowe. In September 1985 a Miami Federal grand jury returned a twenty count indictment charging Jose A. Cabrera-Sarmiento, Frederick Nigel Rowe, Severo Escobar and Alberto Agudelo-Rodriguez with conspiracy to import cocaine

into the United States and distribution of cocaine in Colombia and the Bahamas for importation into the United States as part of a continuing criminal enterprise.

According to the indictment, Cabrera-Sarmiento assembled quantities of cocaine in excess of 4000 pounds which were transported from Colombia into the United States using the Bahamas as a transshipment point. Nigel Bowe, an attorney in the Bahamas, allegedly introduced narcotics traffickers to Cabrera-Sarmiento to accomplish the smuggling of narcotics into the United States and provided protection from law enforcement agencies as cocaine shipments passed through the Bahamas. Bowe also is charged with assisting drug smugglers in looking for landing strips in the the Bahamas for aircraft transporting cocaine from Colombia to the United States. Defendants Escobar and Aquedelo-Rodriguez allegedly distributed the cocaine in the United States following its arrival from the Bahamas.

Cabrera-Sarmiento was convicted in Ocala County on state drug charges. Colombia extradited him only on condition he be tried by the state and not the federal government. Bowe is pending extradition from the Bahamas. Severo Escobar, like Cabrera, was extradited from Colombia to New York to stand trial there and not in Miami. He was convicted and sentenced. Aquedelo has never been arrested. An outstanding arrest warrant is pending.

Proceedings to extradite Bowe from the Bahamas have been ongoing since October 1985. The first extradition proceeding was dismissed by a Bahamian court because the warrant set forth

United States crimes instead of Bahamian crimes; a second proceeding ended in dismissal when the court ruled that the order to proceed was signed by the wrong official, the Foreign Minister instead of the Governor General, and therefore was void. A third was instituted in March 1987, and in view of the previous failures, the United States has found it necessary to discharge the Bahamian Attorney General as its counsel and retain private counsel to represent its interest.

\*3. United States v. Jorge Ochoa-Vasquez, et al. This case involved the prosecution of the Medellin Cartel, a highly organized international criminal narcotics enterprise which existed as early as 1978. The Medellin Cartel arranged for the importation into and the distribution in the United States of 58 tons of cocaine. This case is particularly significant because it details for the first time the nature and scope of the operations of the Medellin Cartel. It delineates the numerous illicit and violent Cartel practices, including murder, terror, public corruption of foreign officials and obstruction of justice.

This case is important to note because in 1984 Jorge Ochoa was arrested in Spain and held for extradition. The Spanish government denied the United States extradition request and sent him back to Colombia to face supposed charges there. Ochoa walked out of prison shortly after returning to Colombia. He was captured again in Colombia this past year, but again walked out of prison without any regard for the United States charges.

The Drug Enforcement Administration has successfully identified the leaders of the cocaine trade. They have produced

evidence to convict these individuals as is clear from the recent trial of Carlos Lehder in Jacksonville and the trial and conviction of Ochoa's coconspirators in Miami in 1985. The problem is that our domestic law enforcement is powerless to get the rest of the world to cooperate with us and bring the leaders of the cocaine trade to justice.

\*6. United States v. Norman Saunders and Stafford Missick.

This case involved the Chief Minister of the Turks and Caicos Island, British West Indies, and the Minister of Commerce charging them with violations of federal law relating to a plan to use the Turks and Caicos Islands as a base for drug smuggling operations from Colombia to the United States. It was the first conviction in the United States of a foreign head of state.

7. United States v. Luis Arce Gomez. This indictment charged the former Bolivian Minister of the Interior, Colonel Luis Arce Gomez, and seventeen (17) others with conspiring to import hundreds of pounds of cocaine into the United States from Bolivia, and to distribute it in Miami. The defendants included:

1. Luis Arce Gomez, a/k/a "Lucho", who was a Colonel in the Bolivian Army, and who was the Minister in charge of the Bolivian Ministry of the Interior, Justice, and Immigration.

2. Alberto Alvarez, a/k/a "El Gato", who was Director of Administration, within the Ministry of the Interior, Justice, and Immigration, and Legal Advisor to the Minister.

3. Juan Carlos Camacho, who was an attorney with the Ministry of the Interior, Justice, and Immigration, and was the Public Prosecutor of the City of Santa Cruz, Bolivia.

4. Jose Tito Camacho, who was a Colonel in the Bolivian Army, and was Chief of the Narcotics Police in the City of Santa Cruz, Bolivia, within the Ministry of the Interior, Justice and Immigration.

5. Jose Luis Gutierrez, who was a Major in the Bolivian Army, and was Chief of Operations of the Narcotics Police in the City of Santa Cruz, Bolivia, within the Ministry of the Interior, Justice, and Immigration.

6. Herlan Echeverria, a/k/a "El Gordo", and Jose Nelo Callau, who were Special Representative of the Minister of the Interior, Justice, and Immigration in the City of Santa Cruz, Bolivia.

7. John Doe, a/k/a "Mendieta", who was a chemist employed by the Ministry of the Interior, Justice, and Immigration.

Although Luis Arce Gomez was located in Chile and Argentina, he has never been sent to the United States for trial.

8. United States v. Jose Buesca-Rosa: In July 1984, various Miami based Honduran and Cuban businessmen approached two former American Army officers, including Col. Charlie A. Beckwith, who was the ground force commander during the Iranian hostage rescue mission, with a proposal to hire them to kill the sitting President of Honduras, Roberto Suazo-Cordova. After reporting the offer to U. S. government authorities, Col. Beckwith assisted in a three month undercover operation to determine the scope of the conspiracy. During the undercover operation, the conspirators imported 300 kilograms of cocaine worth approximately \$10 million

by aircraft from Colombia to South Florida. Their intent was to use the proceeds from this transportation to pay the fee for the killing of Suazo-Cordova, as well as to finance the coup that they were to organize in Honduras after the killing. This would permit officers in the Honduras Army, who were friendly to the conspirators, to obtain power and take over the reins of government.

Three separate indictments were returned. The main group planning both the assassination and engaging in various drug offenses were charged in the Sikaffy indictment with RICO; RICO conspiracy; murder-for-hire; conspiracy; importation of cocaine related conspiracies; and use of a telephone for drug activity.

One defendant plead guilty, another defendant, Gerard Lachinian, was convicted of all nineteen counts after a three-week jury trial ending February 13, 1986 and was subsequently sentenced to a total of 30 years. The last remaining defendant plead guilty on May 21, 1987 and was sentenced to 5 years.

A related indictment (United States v. Kurtz), which charged six individuals with various narcotic offenses in connection with the importation of the 300 kilograms of cocaine which were seized, along with approximately \$100,000 in cash also proceeded to trial. All defendants were convicted and sentenced to sentences ranging from 7 years to 18 years.

The third related indictment (United States v. Jose A. Bueso-Rosa) charged the defendant, who was at the time the former chief-of-staff for the Honduras armed forces and also the

military attache to Chile, with conspiracy and with murder-for-hire for his role in plotting the assassination. It is believed that this was the first prosecution in the United States of 18 U.S.C. § 1952A which was enacted on October 12, 1984. Bueso-Rosa plead guilty and was sentenced to five years.

9. United States v. Jean Claude Paul, et al. Jean Claude Paul is a Colonel in the Haitian Army and occupied the position of Commander of the Presidential Guard. He was charged with conspiracy to distribute cocaine and distribution of cocaine with the intent that the cocaine be imported into the United States. His ranch airstrip was used for the ultimate delivery of 100 kilos of cocaine destined for the United States. He is currently still in power in Haiti.

10. United States v. Etienne Boeren-Veen. This case resulted in the indictment, trial and conviction of Etienne Boeren-Veen, the Commander of the Army of Suriname, and two others for conspiring to sell the use of Suriname as a protected haven for drug smuggling operations.

11. United States v. Rigoberto Regalado. Regalado was the Honduran Ambassador to Panama. He was arrested at Mimal International Airport this year in possession of 25 pounds of cocaine. He is pending trial.

12. United States v. Sarkis Soghanalian. Defendant Sarkis Soghanalian is an international arms dealer who operates out of Pan Aviation, Inc. in Miami, Florida. His son, Garabet, is the owner of record of the company and is also a defendant in this case.

The instant indictment alleges three separate conspiracies. The first involves a scheme to sell Hughes 500 MD TOW helicopters to Iraq under the guise that these helicopters were destined for Kuwait.

The second conspiracy and related substantive violations concern the diversion of rocket launchers from Switzerland, where they were lawfully present pursuant to an export license, to Iraq. The purpose of the diversion was to demonstrate to the Iraqi military how commercial helicopters could be transformed into military helicopters.

The third conspiracy involves two Air Force reservists who flew to Iraq at the defendant's direction and instructed the Iraqi military on the operation of an F-4 aircraft. Defendant Sarkis Soghanalian recruited Michael Chinn, a reservist at Homestead Air Force Base, to fly to Iraq. Chinn, in turn, recruited Eugene Jackson who was his flight crew chief. The two men went to Iraq and inspected the F-4. The plane was never flown because the Iraqis had the wrong type of fuel. In exchange for their services, the two men were given Rolex watches by the Iraqi military.

All of the charges involve violations of the Arms Export Control Act, in that the defendants did not secure the necessary State Department approval to perform the acts charged.

This case was due to begin trial this spring, but was held up because the prosecutor could not get the State Department to turn over necessary discovery. The discovery is still not turned over and the trial is still pending.

13. United States v. Pan American Import, Export Inc. On June 24, 1988 a Miami Federal Grand Jury returned a seven count indictment charging Pan American Import Export, Inc. (PAN AM), a corporation doing business in Miami, Florida; and Elizabeth Martinez-Monson, and Mario Rodrigo Valladares, with the illegal exportation of controlled technology in violation of the federal Arms Export Control Act. One count of the indictment charges the existence of a conspiracy among PAN AM, Martinez, and Valadares to export VideoCipher II descrambler modules without obtaining a required license from the Department of State.

According to the indictment, VideoCipher II modules, in conjunction with other equipment, function as descramblers of satellite signals. Such equipment is designated a "defense article" and is on the United States Munitions List maintained by the Department of State. Such items may not be exported without a license or written approval from the Office of Munitions Control. According to the indictment, PAN AM, Martinez and Valladares sold and exported 39 VideoCipher units between December of 1987 and March of 1988.

14. The Bank of Nova Scotia. This matter arose when the Bank's branch in Miami was served with a subpoena calling for the production from the Bank's branches in the Bahamas and the Cayman Islands of financial documents pertaining to two individuals and three companies. The Bank resisted the subpoena on the basis that the bank secrecy laws of the two Caribbean islands prohibited such disclosures until the District Court imposed a coercive

fine of \$25,000 per day for non-compliance with the commands of the subpoena.

Finding that the Bank had not begun an earnest search for the records until after the fine had been imposed, the Appellate Court upheld the District Court's determination that the Bank had not fully complied until 73 days had gone by. The imposition of the total fine was not an abuse of discretion, the Eleventh Circuit said.

Writing for the Court, Circuit Judge Peter T. Fay restated the importance of the grand jury's function under the American system of jurisprudence and the vital nature of its investigation involving persons believed to be involved in large-scale narcotics smuggling. Noting that the detection, prosecution and punishment of those who violate the narcotics laws is of paramount importance to this country in its struggle to stem the tide of narcotics being brought to our shores, Judge Fay found that tracing the flow of narcotics-generated cash was "indispensable to this nation's efforts to stop the narcotics trade."

While concerned that international friction may sometimes be provoked by the enforcement of a subpoena which calls upon an international bank to choose between competing laws in two different countries, the Court found that the Bank had voluntarily chosen to do business in numerous foreign host countries and had thus accepted the incidental risk of occasional inconsistent governmental obligations.

Finally, the Appellate Court examined the effect on the proceedings of a "gentlemen's agreement" between the United

States and the Cayman Islands, the 1961 Single Convention on Narcotics Drugs, to which the United States and the Cayman Islands had both subscribed, and the "Act of state" doctrine of judicial abstention from matters affecting the United States' conduct of its foreign relations. Finding none of those issues to be applicable to the enforcement of a grand jury subpoena served on a Bank's branch in the United States, the Court found the right and duty of the historic grand jury process to inquire into the existence of possible criminal conduct to be paramount to any interest advanced under the laws of any foreign country under the circumstances.

This Appellate Court decision is of enormous significance to grand jury investigations of international money launderers and dope dealers. It reinforces the right and duty of the grand jury to seek the production of evidence without having to justify the request in any way. If a foreign bank chooses to do business in this country and thus avails itself of the opportunity to engage in commerce between this and other nations, it must respect the laws of the United States.

It should be noted that a recent U. S. Appellate decision in the District of Columbia ruled in opposition to the 11th Circuit decision. However, the Bank of Nova Scotia case is still the law in the 11th Circuit.

15. United States v. Manuel Antonio Noriega. This indictment charges the defendant, Manuel Antonio Noriega, with exploiting his official position as head of the intelligence section of the Panamanian National Guard and then as Commander-in-Chief of

the Defense Forces of the Republic of Panama to receive payoffs in return for assisting and protecting international drug traffickers including Pablo Escobar-Gaviria, Gustavo DeJesus Gaviria-Rivero, Jorge Ochoa-Vasquez, and Fabio Ochoa-Vasquez, members of the Medellin Cartel in conducting narcotics and money laundering operations in Panama.

Manuel Antonio Noriega protected cocaine shipments flown from Medellin, Colombia through Panama to the United States; arranged for the transshipment and sale of ether and acetone, including such chemicals previously seized by the Panamanian Defense Forces, to the Medellin Cartel; provided refuge and a base for continued operations to the members of the Medellin Cartel after the murder of the Colombian Minister of Justice, Rodrigo Lara-Bonilla; agreed to protect a cocaine laboratory being constructed in Darien Province, Panama; and assured the safe passage of millions of dollars of narcotics proceeds into Panamanian banks. In return for these services, Noriega received in excess of \$4.6 million.

Among the specific acts of racketeering charged in the indictment are the movement through Panama of in excess of 2000 kilograms of cocaine destined for the United States and the transshipment of ether and acetone to a laboratory at a location known as "Tranquilandia" in Colombia. Also detailed is the June 15, 1984 flight of Inair Airlines into Miami, Florida with over a tone of cocaine.

The fifteen cases listed above are a mere example of the types of prosecutions in the Southern District of Florida which

affect foreign policy. There are currently several other major cases under investigation or indictment, which for legal reasons, I cannot discuss here.

Prosecutors are now faced with the knowledge or belief that the State Department or any of a myriad of intelligence agencies working for the United States have information about defendants, targets, witnesses and events involved in our prosecutions. As prosecutors, we have a duty to review all evidence in the possession of the United States to determine if there is material helpful to the defendant. If the defendant claims he is innocent because he was working in some capacity for the United States, then the prosecutor must be sure that there is no evidence that such a defendant was not an informant or asset of some U. S. intelligence agency. This is further complicated by the fact that our intelligence system has become so compartmentalized that there may not be a way to determine if some compartment, acting on its own, may have employed a defendant or may hold exculpatory material as to that defendant. At the present time some intelligence information is being shared by U. S. intelligence agencies with the FBI and DEA, but often with the caveat that DEA or FBI may not disclose this information. Even if this intelligence information is disclosed to the prosecutor, he is told that he cannot use it as evidence at trial.

Further, a prosecutor, in providing discovery, has a duty to disclose any written or recorded statements of a defendant. In this world of supersophisticated recording equipment, there is currently no way for a prosecutor to be certain that

conversations of a defendant were not recorded by secret intelligence recording equipment. Even if the prosecutor finds out that there was such a recording, he may have to dismiss his case rather than disclose this discovery material.

In a more simple area, the United States must determine if stopping the flow of narcotics is indeed a priority. In the late 1970s and early 1980s, the Colombian drug traffickers began a war in Miami to establish their own organizations in the United States and thereby eliminate theft and careless losses by native American and Cuban/American narcotics distributors and money launderers. This drug war was most evident in the shopping center shootout now known as the the Dadeland Massacre. As a result, Colombian drug lords now send their representatives to the United States every six months. Distributors and money launderers return regularly to Colombia. This process is made easy because our State Department grants multiple entry visas. Certainly an international businessman finds it convenient to have a multiple entry visa to conduct legitimate business, but unfortunately the largest Colombian business today is cocaine and our State Department should be reviewing their multiple entry visa policy in drug producing countries.

The topic of today's hearing is vast and complex but I hope my testimony may result in better coordination between the State Department, United States intelligence agencies, and the Justice Department. We must be more aggressive in demanding arrest and extradition of foreign drug lords. We might consider seeking enhanced United Nations or Interpol assistance in making arrests

and speeding up extraditions. We must also review our policy of granting multiple entry visas in drug producing countries.

Further, we must resolve the constitutional crisis arising out of the inability of our prosecutors to obtain all the information required to prosecute a case due to national security concerns. There should be a means for a prosecutor to determine if he/she has all the necessary information to prosecute his/her case.

Finally, we must decide if stopping narcotics is indeed a priority and then convince all agencies of the United States government, that the narcotics problem should be their primary concern.



## AFFIDAVIT OF STEPHEN SCHLESSINGER

Stephen Schlessinger, being duly sworn, deposes and says:

1. For the past five years and continuing to date I have served as an Assistant United States Attorney in the Office of the United States Attorney for the Southern District of Florida (this "Office"). Upon the commencement of my employment in this office, I was assigned responsibility for the prosecution of United States v. Ramon Milian-Rodriguez, 83-419-Cr-Stafford(s) (Southern District of Florida), an indictment which, in substance, charged Ramon Milian-Rodriguez with the operation of a racketeering enterprise, narcotics trafficking, and money laundering. In connection with that assignment, I litigated the extensive pre-trial motions, represented the United States at trial and prepared the Government's appellate brief. By virtue of my involvement in that matter, I have become acquainted with facts and circumstances relevant to a proper assessment of Milian-Rodriguez' credibility.

2. Subsequent to Milian-Rodriguez' convictions and the imposition of sentences totalling 43 years imprisonment, Milian-Rodriguez has provided to a Congressional committee information concerning alleged criminal conduct. Notwithstanding that such alleged misconduct has had serious impact upon the Southern District of Florida, this Office, after careful deliberation, has determined that it cannot rely upon the accuracy of

information provided by Milian-Rodriguez, and has declined to premise any criminal proceeding upon his testimony. This is because Milian-Rodriguez, in our view, is wholly without credibility, and the use of his uncorroborated testimony would therefor violate our ethical obligation to present truthful and reliable information. The basis for our position is set forth in the paragraphs which follow.

3. Beginning in late 1982 and continuing into 1983, law enforcement authorities in Miami received reports from Panamanian police that Milian-Rodriguez was transporting large sums of U. S. currency into Panama. Thereafter, Milian-Rodriguez' activities were intermittently monitored and attempts made to conduct surveillance of his activities. On April 21, 1983 and again on April 27, 1983, Milian-Rodriguez was observed bringing to his Lear jet at Ft. Lauderdale International Airport, numerous cardboard boxes suspected of containing sums of U. S. currency derived from narcotics trafficking. Following his departure on each of those occasions Panamanian authorities subsequently confirmed that Milian-Rodriguez had indeed flown huge quantities of cash from South Florida into Panama.

4. On May 4, 1983, law enforcement authorities observed Milian-Rodriguez engage in the same preparatory actions which had preceded his prior trips of April 21 and 27. On this occasion, however, federal agents intercepted Milian-Rodriguez' jet moments before take-off, and found aboard the aircraft 5.4 million in cash together with books and records demonstrating Milian-Rodriguez' money-smuggling activities over the prior eight

months. Those records detailed Milian-Rodriguez' receipt in various U. S. cities of large sums of cash, his transportation of those sums of money to Panama and his fees for providing this illicit service. As set forth in his own records, Milian-Rodriguez, between July, 1982 and May 4, 1983, smuggled approximately \$156 million from the United States to Panama. His accounting ledgers, reflecting pick-ups and deliveries, constitute a virtual diary of his daily activities during this time period.

5. Following the interdiction of his aircraft on May 4, 1983, and the seizure of the cash and records, Milian-Rodriguez requested to speak with the agent in charge. The defendant was repeatedly told that he was not under arrest, but he persisted in his desire to meet with federal authorities. His wish was granted and thus began an interview between Milian-Rodriguez and federal agents which lasted from the early morning into the evening hours. Milian-Rodriguez' expressed intention at this time was to convince the authorities to employ him as a confidential informant. In exchange for his active assistance, Milian-Rodriguez wanted immunity from prosecution and permission to complete the delivery of the \$5.4 million just seized from his aircraft. In order to persuade the authorities to employ him as an informant, Milian-Rodriguez gave the agents a detailed recounting of his prior activities as a money launderer, identified his criminal clientele and his methods of laundering their narcotics-derived proceeds.

6. During the course of this interview, Milian-Rodriguez consented to the search of his business office, located in a

house in Coconut Grove. The subsequent search of those premises produced additional documents corroborating Milian-Rodriguez' self-described money-laundering operation. While this search was still underway, Milian, at about 10:00 p.m. decided to return home. Approximately two hours after his departure, agents searching his business office discovered, in a locked closet, a large volume of highly pure cocaine as well as an array of firearms. At that point, a decision was made to arrest Milian-Rodriguez.

7. Milian-Rodriguez was arrested at his home in the early morning hours of May 5, 1983. Upon being placed under arrest, Milian-Rodriguez, in an effort to lure authorities into accepting his offer to act as an informant, made additional statements regarding his knowledge of narcotics trafficking. His offer was rejected and Milian-Rodriguez was subsequently indicted on racketeering, narcotics and money-laundering charges. An unrelated indictment returned somewhat later charged Milian-Rodriguez with preparing false tax returns on behalf of one of his self-professed trafficker-clients, as well as fraud and obstruction of justice, see United States v. Milian-Rodriguez, et al, 84-161-Cr-Zloch (Southern District of Florida).

8. Milian-Rodriguez' trial on racketeering, narcotic, trafficking and money laundering charges commenced in November,

1985. During the course of his trial, Milian-Rodriguez took the stand and gave a lengthy and exonerative account of his activities. Additionally, he adduced exculpatory testimony from others, including his own father. Such testimony was fanciful and was fully rejected by the trier of fact. Milian-Rodriguez was thereafter sentenced on that case for a total of 35 years imprisonment. After entering guilty pleas to his pending indictment on tax fraud and obstruction charges, Milian-Rodriguez received an additional 16 years imprisonment, eight years of which were to run consecutively with his 35 year sentence.

9. Following the imposition of these sentences, Milian-Rodriguez directly and indirectly made a series of approaches to this Office with offers of cooperation. The information proffered was generally topical, that is, it related to matters then of current interest. After due consideration, those overtures were rejected.

10. Milian-Rodriguez' approaches were rejected by this Office because he was believed to be lacking in credibility as a witness and the information he proffered to be of dubious reliability. This conclusion was reached after careful consideration both of general factors relating to the defendant's credibility, and because of a disbelief of certain particulars proffered by Milian-Rodriguez.

11. As to the general considerations, this Office considered the magnitude of the crimes for which Milian-Rodriguez was convicted and his desperate self-interest in having his lengthy sentences mitigated. Additionally, note was taken of the

nature of the crimes for which Milian-Rodriguez stood convicted, especially fraud and obstruction of justice. Such conduct indicated contempt for lawful process, including the obligation to provide truthful testimony.

12. The fear that Milian-Rodriguez would perjure himself to further his own self interest had already been demonstrated at his own trial. As noted above, Milian-Rodriguez took the stand in his own defense and committed extensive perjury. His falsely exculpatory testimony was rejected by the jury, by the trial judge and appears now to be repudiated even by Milian-Rodriguez himself. Moreover, Milian-Rodriguez presented the fanciful testimony of his own father, which was likewise dismissed as untrue.

13. Following the imposition of sentence, Milian-Rodriguez directly and indirectly approached this Office with information on subjects which at the time had been in the newspapers and which were of current interest. Those offers were rejected inasmuch as they seemed to be merely opportunistic and devoid of corroborative, factual content. In sum, given Milian-Rodriguez' entire course of conduct, including his perjury and subordination of perjury, this Office felt Milian-Rodriguez to be unsuitable as a witness in a federal criminal case.

14. Moreover, there was reason to doubt the specifics of certain of the testimony which Milian-Rodriguez proffered. For example, Milian-Rodriguez' claim to have been the chief financial officer for the Medellin cocaine cartel is inconsistent with his own lengthy statements made to federal agents after the May 4,

1983 interdiction of his aircraft at Ft. Lauderdale International Airport. At that time, when Milian-Rodriguez was seeking to convince the agents of his importance and persuade them to accept him as an informant, he made no mention whatsoever of the Medellin cartel or any member of that organization. Aware that the agents would seek to corroborate the truthfulness of his statements, Milian-Rodriguez identified numerous substantial narcotics traffickers on whose behalf he had both smuggled and laundered money. The list included foreign-based Colombian traffickers. Again, no mention was ever made at this time by Milian-Rodriguez of the Medellin cartel or any individual believed to be a ranking member thereof. Simply put, at a time when Milian-Rodriguez had the most incentive to truthfully divulge his narcotics connections, he did not hold himself out to be the chief financial officer of the Medellin cartel. It should be further noted that Milian-Rodriguez also did not, at this critical time, allege to be involved with General Manuel Noriega or to have participated in illicit funding of the Contras.

15. Any claims Milian-Rodriguez has made that his money smuggling activities were far more extensive than indicated in his records is also belied by the evidence obtained in the investigation which has led to his conviction. Thus, the evidence revealed that Milian-Rodriguez operated a modest organization in which he played the paramount role. Milian-Rodriguez himself flew to various cities where he personally collected the cash destined for Panama. Likewise, he issued the necessary paperwork and maintained the necessary books

and records. Such activity occupied the vast majority of Milian-Rodriguez' time and effort. In order to have transported significantly greater amounts of cash, Milian-Rodriguez would have had to have employed numerous additional persons and, of necessity, he would have needed to greatly expand his capacity to pick-up, store and transport cash. There is no evidence that he did so.

16. Likewise, no documentary or tangible evidence was found supporting such claims. Money laundering is an activity which invariably generates considerable paperwork. Obviously, records of the delivery and disposition of huge amounts of cash must be maintained. Extensive searches were conducted of Milian-Rodriguez' various business and personal premises by federal agents following his interception on the morning of May 4, 1983. His person, automobile, airport office, business office, personal residence and a warehouse he leased were all searched. No records revealing money laundering activities magnitudes greater than that for which Milian-Rodriguez was convicted were discovered at any of these sites. Likewise no addresses, telephone numbers, letters, or other bits of communication between Milian-Rodriguez and any members of the Medellin cartel, General Noriega or persons involved with Contra funding were discovered.

17. Finally, any claim by Milian-Rodriguez that he dealt personally with General Noriega seems particularly unlikely since it was Panamanian police officers who provided U.S. law enforcement authorities with ongoing reports of Milian-Rodriguez'

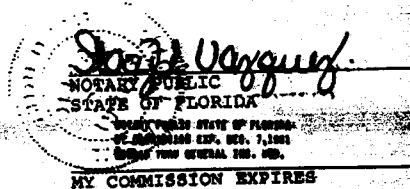
activities. It is unlikely that General Noriega would have suddenly withdrawn protection for Milian-Rodriguez' activities since the information was provided over a long period of time, and indeed, took place while Milian-Rodriguez was still smuggling staggering sums of cash out of the United States and into Panama. Had Milian-Rodriguez suddenly incurred General Noriega's displeasure, it is unlikely that Milian-Rodriguez' activities in Panama would have been permitted to continue.

18. For the reasons set forth above, Milian-Rodriguez is not regarded by this Office as a credible witness, and this Office has declined to base any court proceedings upon his testimony.

Further affiant sayeth naught.

Stephen Schlessinger  
 Stephen Schlessinger  
 Assistant United States Attorney

Signed and subscribed to before me this 8<sup>th</sup> day of June 1988.



PREPARED STATEMENT OF FELIX I. RODRIGUEZ

This statement is freely and voluntarily made by me, Felix I. Rodriguez, to dispel any notions that I was in any way at any time in my life, involved with drug money laundering operations either to obtain funds for assisting the Nicaraguan Freedom Fighters or personal gain.

I have dedicated my life to fight Communism to the detriment of my family, my personal well being and to this effect I risked my life and freedom in my native country, Cuba, fought in Vietnam and am presently involved in anti-guerrilla operations in Central America, receiving no salary from any governmental or private sources.

I have testified before Senate and House committees without assistance from a lawyer and have never invoked the Fifth Amendment in my testimonies.

In view of the allegations made by one Ramon Milian Rodriguez, a convicted drug money launderer presently serving a 43 year prison term because of his illegal activities, I have decided to make public the way I came in contact with this person whom I met only once and whom I have never again seen or heard from directly or indirectly.

On Monday, June 29, 1987, The Miami Herald published an item by Knut Royce, Newsday Service, entitled "Contras got drug cash, Colombian says". In said article, which mentioned me by name seven times, it was stated that said Milian Rodriguez, testifying behind closed doors before the Senate Narcotics and terrorism sub-committee had testified that he passed drug money to couriers selected by me.

On June 30, 1987, my wife called me in Central America to tell me that on the previous date she had found at our door a Senate subpoena with a telephone number. I told her to call said number, which she did, and informed the process server that

I was out of the country but was willing to voluntarily testify without need of a subpoena.

Because of the importance of this matter, I immediately contacted Mr. Paul Barbadoro, Deputy Chief Counsel for the Senate Iran-Contra Committee, with whom I had dealt previously during my testimony before said committee as he was my only contact with the Senate up to that time, and offered to keep him informed of developments on this matter as his investigation had not yet been completed.

Eventually on July 28, 1987, I contacted Ms. Kathleen Smith, of Senator Kerry's staff, to arrange for my voluntarily appearing before the sub-committee and requested air fare travel only from Central America to Washington and back as I would take care of all other traveling expenses, such as meals, lodging and ground transportation. When such arrangements had been completed, and confirmed by Kathleen Smith, on July 31, 1987, I contacted the office of the Independent Counsel (Mr. Walsh) to alert them of my impending testimony so they could have an observer present should they feel it necessary to do so.

On August 5, 1987, complying with a verbal summons from Senator Kerry's office (without being subpoenaed) I flew from Central America to Washington on a ticket provided by the sub-committee and held a session several hours long with Mr. Jack Blum (from Senator Kerry's office) and with Ms. Robin Cleveland (from Senator McConnell's office). Ms. Cleveland wanted me to testify at an open hearing but Mr. Blum insisted on a closed hearing to take place on the next day.

Pursuant to the above request, I appeared before said sub-committee on August 6, 1987, and testified from about 10:50 a.m. to 2:00 p.m. At this session one Mr. Holms, a Senate investigator for the Iran-Contra Committee, was sworn in and attested to the fact that the Miami F.B.I. office had been notified by me on January 20, 1985, of the one and only meeting I ever held with

Milian Rodriguez, a meeting which was arranged by Mr. Raul Diaz, a friend of mine and a former lieutenant in the Dade County Sheriff's Office, and which took place on January 18, 1985. Said meeting was also reported by me to the C.I.A. Washington office on January 23, 1985.

The story of my meeting with Ramon Milian Rodriguez is as follows: my friend Raul Diaz, formerly of the Sheriff's office and now a private investigator, called me to say that he had a client (Milian Rodriguez) who had told him he had knowledge of facts which incriminated the Sandinista Government in a proposed drug money laundering operation to be set up in Panama. That said individual wanted to pass on this information to some one in authority to negotiate a deal as he was indicted and out on bond, but did not want to give it to either the local D.E.A. or F.B.I. offices and that he thought I should talk to him. To this I reluctantly agreed and met with Milian Rodriguez in Raul's office on January 18, 1985 and he repeated what Raul had told me, adding that his organization had passed approximately 600 million dollars to General Manuel Antonio Noriega in Panama, boasting that upon his arrest in the one phone call allowed him, he alerted his organization and sixty (60) couriers left the United States within 24 hours. He was emphatic that he would compromise the Sandinista government but not so members of the drug cartel. He added that he had already defused an order for his assassination because he controlled over 300 million dollars in real estate assets, belonging to the cartel, in the State of Florida, which would be lost if he was killed and also because in time they had been convinced that he would not turn in any member of the so-called Colombian drug cartel. In passing, he mentioned that should he be able to strike a deal with the U.S. government and go scot free, he might be able to provide funds from drug money laundering operation to be run from the Sandinista government to the Nicaraguan Freedom Fighters.

I limited myself to hearing him out and to pass the conversation on to the F.B.I. and C.I.A. offices as stated above. After said date, I never again heard from or had any contact with said Milian Rodriguez. I must add that Milian Rodriguez told me that he was indicted for drug money laundering on a technicality and foresaw a sentence of about five (5) years in jail and didn't want to serve said time because of his son...

Later, Raul Diaz asked me what I had done with the information I had received from Milian Rodriguez and I told him that I had passed it on to the proper agencies. And that was that.

I must also point out that at the time I met Milian Rodriguez I had never met Vice-President Bush nor did I mention his name or give any indication to Milian Rodriguez that I was working with nor representing his office in any way or form.

During the closed hearing before the Senate sub-committee, Senator Kerry told me that he believed my testimony and I cannot understand how he can believe me and at the same time give credence to the allegations made by Milian Rodriguez, who is obviously and cleverly lying to obtain either a full pardon or a reduction of the 43 year sentence he is currently serving.

I have repeatedly asked Senator Kerry to release my testimony and the F.B.I. transcript in order to clear my name and for the benefit of my wife and children since my name has been involved with drugs, but up to this day this has not been done, although, an article published by The Miami Herald on August 12, 1987 entitled "Ex-CIA agent denies link to guns-for-drugs missions" ends by stating that: "Committee Counsel Jack Blum said the committee was "very sensitive" to Rodriguez" concerns and hoped to have that portion of the report public within a month".

I must mention that on May 28, 1987, while testifying in the Iran-Contra Affair, Representative James Courter, of New Jersey,

asked me if I had knowledge of any drug connection with the Sandinista government and I told him that I recalled a conversation with an individual (Milian Rodriguez) who had told me that he could connect the Ortega government with drugs as he had a tape of a conversation with an assistant to Ortega who called him from Guatemala asking him to jump bail and establish a money laundering operation in Panama.

I have kept away from contacting my friend Raul Diaz to avoid any suspicion of any attempt on my part to influence his testimony, but must mention that on Sunday, May 22, 1988, Mr. Diaz, in a telephone conversation told my wife that he was very sorry he had put me in contact with Milian Rodriguez. Also, that Mr. Jack Blum (from Senator Kerry's office) had come to Miami to interview him and that he had told him the truth about my interview with Milian Rodriguez, but that Mr. Blum had told him that he would be subpoenaed to answer four and only four questions, which he had refused to do as he wanted the whole truth to come out. He also told my wife that together with his lawyer, he had visited Milian Rodriguez in jail and Milian Rodriguez told them he would do anything to avoid spending one more day in prison. This is the only contact my wife had with Raul Diaz.

As to declarations made by one Richard J. Brenneke, an alleged ex-CIA agent and by ex-Panamanian Consul Jose Blandon, I state under oath, that I have never met or had any contact with these individuals. As to Michael Harari and General Manuel Antonio Noriega, I know them from seeing their pictures in magazines and newspapers, but have never met either one.

It is obvious to me, as it should be to Senator Kerry and members of his sub-committee, that either Ramon Milian Rodriguez, a convicted felon whose credibility was challenged by U.S. Attorney Leon Kellner, who prosecuted him, is lying or I am lying and I urge the sub-committee to find out who is telling the

truth and to prosecute the other one for perjury to the full extent of the law. I feel that at this time, and for a long time before this, there is enough evidence to reach a conclusion that will serve the cause of truth and not Senator Kerry's political agenda.

*Felix J. Rodriguez*  
FELIX J. RODRIGUEZ

SWORN TO AND SUBSCRIBED before me at Miami, Florida, this seventh day of June, A.D. 1988.

*Alena B. Indig*  
NOTARY PUBLIC, STATE OF FLORIDA  
My Commission Expires:  
NOTARY PUBLIC STATE OF FLORIDA  
MY COMMISSION EXP JUNE 20, 1988  
BONDED THRU GENERAL INS. UND.

FLIGHT LOG SUBMITTED BY SARKIS A. SOGHENALIAN

B-720 FLT TO PANAMA N 929 S

AIRPORT: TUCU MEN DATE: 11-10-87  
UNTIL: 11-13-87

PERSONS ON BOARD:

MR. T. PAKKS  
MR. D. MURPHY  
MR. G. LABERGE  
MISS C. OH



Mt Air  
KATO  
MDLR

Can. Omar Torrijos Int'l. Airport  
Panama City  
Panama Republic  
La Romana Airport Santo Domingo  
Dominican Republic

57-10

PA AIRCRAFT MAINTENANCE / FLIGHT LOG

PA AVIATION, INC.

PA AVIATION, INC. ORIGINAL PA 4968 11:11:11 87

FORM W-1 ORIGINAL PA 4968 11:11:11 87

FLIGHT DATA				TIME DATA				FUEL DATA				OIL					
FLT. NBR.	TYPE	SD	FROM	TO	OUT	OFF	ON	IN	FLY	BLK	C	ADDED	NH T	RAMP	ENG	STATION	
PA 4968	MTO	KMIA	MTO		3:02	3:00	6:37	6:24	3:07	3:59	1	8554	6493.500		1	2	4
SUB TOTAL				SUB-TOTALS				SUB-TOTALS				SUB-TOTALS					
TIME FORWARDED : 4936.35				CYCLES FORWARDED: 34286				CYCLES FORWARDED: 34286				CYCLES FORWARDED: 34286					
TIMES THIS PAGE : 3:07				CYCLES THIS PAGE : 34287				CYCLES THIS PAGE : 34287				CYCLES THIS PAGE : 34287					
TOTAL TIME : 4936.42				TOTAL CYCLES : 34287				TOTAL CYCLES : 34287				TOTAL CYCLES : 34287					
CORRECTION :				CORRECTION :				CORRECTION :				CORRECTION :					
CORRECTED TOTAL :				CORRECTED TOTAL :				CORRECTED TOTAL :				CORRECTED TOTAL :					
NEXT INSP DUE : 4947.7				TYPE OF INSP : A				TYPE OF INSP : A				TYPE OF INSP : A					
FLIGHT DISCREPANCIES (PLEASE PRINT)				FLIGHT DISCREPANCIES (PLEASE PRINT)				FLIGHT DISCREPANCIES (PLEASE PRINT)				FLIGHT DISCREPANCIES (PLEASE PRINT)					
PIC SIGNATURE				PIC SIGNATURE				PIC SIGNATURE				PIC SIGNATURE					
COMPONENT				COMPONENT				COMPONENT				COMPONENT					
PART NUMBER				PART NUMBER				PART NUMBER				PART NUMBER					
S/N ON				S/N ON				S/N ON				S/N ON					
S/N OFF				S/N OFF				S/N OFF				S/N OFF					
CHECK DATE				CHECK DATE				CHECK DATE				CHECK DATE					
MECHANIC				MECHANIC				MECHANIC				MECHANIC					
LIC NUMBER				LIC NUMBER				LIC NUMBER				LIC NUMBER					

THIS AIRCRAFT IS CERTIFIED / STATION TIME MECHANIC LIC NUMBER

GMT DATE 11:11:87



PA AVIATION, INC. AIRCRAFT MAINTENANCE / FLIGHT LOG

FORM W-1 ORIGINAL PA 4968 11:11:11 87

PA 4968 11:11:11 87

NO. 1133

FLIGHT DATA				TIME DATA				FUEL DATA				OIL DATA					
FLT. NBR.	TYPE	SD	FROM	TO	OUT	OFF	ON	IN	FLY	BLK	C	ADDED	NH T	RAMP	ENG	STATION	
PA 4968	MTO	KMIA	MTO		19:17	19:17	22:19	22:06	3:02	3:38	1	8550	31500		1	2	3
SUB TOTAL				SUB-TOTALS				SUB-TOTALS				SUB-TOTALS					
TIME FORWARDED : 4936.42				CYCLES FORWARDED: 34287				CYCLES FORWARDED: 34287				CYCLES FORWARDED: 34287					
TIMES THIS PAGE : 5:02				CYCLES THIS PAGE : 34288				CYCLES THIS PAGE : 34288				CYCLES THIS PAGE : 34288					
TOTAL TIME : 4936.44				TOTAL CYCLES : 34288				TOTAL CYCLES : 34288				TOTAL CYCLES : 34288					
CORRECTION :				CORRECTION :				CORRECTION :				CORRECTION :					
CORRECTED TOTAL :				CORRECTED TOTAL :				CORRECTED TOTAL :				CORRECTED TOTAL :					
NEXT INSP DUE : 4947.7				TYPE OF INSP : A				TYPE OF INSP : A				TYPE OF INSP : A					
FLIGHT DISCREPANCIES (PLEASE PRINT)				FLIGHT DISCREPANCIES (PLEASE PRINT)				FLIGHT DISCREPANCIES (PLEASE PRINT)				FLIGHT DISCREPANCIES (PLEASE PRINT)					
PIC SIGNATURE				PIC SIGNATURE				PIC SIGNATURE				PIC SIGNATURE					
COMPONENT				COMPONENT				COMPONENT				COMPONENT					
PART NUMBER				PART NUMBER				PART NUMBER				PART NUMBER					
S/N ON				S/N ON				S/N ON				S/N ON					
S/N OFF				S/N OFF				S/N OFF				S/N OFF					
CHECK DATE				CHECK DATE				CHECK DATE				CHECK DATE					
MECHANIC				MECHANIC				MECHANIC				MECHANIC					
LIC NUMBER				LIC NUMBER				LIC NUMBER				LIC NUMBER					

THIS AIRCRAFT IS CERTIFIED / STATION TIME MECHANIC LIC NUMBER

1 Eng #2 NG WORKS IDENTIFIED  
2 Eng #2 REVERSE LIGHT ON REACKS UNCLAS  
3 REVERSE LIGHT ON REACKS UNCLAS  
4 MISS TOILET LEAK IN STOW KINCS  
5 MISS TOILET LEAKS BLEND WATERS  
6 PLEASE CHECK HP START HOTTKS R-350  
7 3100PSI  
8  
9  
10  
11  
12  
13  
14  
15

1 Fuel tank oil was missing & drained  
2 Fuel tank oil was missing & drained  
3 Fuel tank oil was missing & drained  
4 Fuel tank oil was missing & drained  
5 Fuel tank oil was missing & drained

STA MECHANIC LIC NBR  
R. P. H. R5765-48  
R. P. H. R5765-48  
R. P. H. R5765-48  
R. P. H. R5765-48  
R. P. H. R5765-48

GMT DATE 11:11:87

11:11:87

THIS AIRCRAFT IS CERTIFIED AIRMORTHY  
STATION M/A  
CHECK P/F

COMPONENT

PART NUMBER

S/N ON

S/N OFF

CHECK DATE

MECHANIC

LIC NUMBER

**FAA MAINTENANCE, INC.**  
**AIRCRAFT MAINTENANCE / FLIGHT LOG**

FORM NO. 1 ORIGINAL **181651081387** DIVISION **0988**  
 AC ID TYPE **0988** OBT DATE **081387**

FLIGHT DATA				TIME DATA				FUEL DATA				OIL DATA				
TYPE	SD	FROM	TO	IN	OUT	OFF	ON	IN	OUT	OFF	ON	IN	OUT	OFF	ON	
1	181651081387	MOBILE	KCMR	1755	1855	0000	1855	0000	1855	0000	1855	0000	1855	0000	1855	0000
SUB TOTAL				4177				660								

TIME COMPARED: 8568.18 CYCLES FORWARDED: 4177  
 TIME THIS PAGE: 1.55 CYCLES THIS PAGE: 1  
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 CORRECTION: BY

CORRECTED TOTAL: TYPE OF IMP: N/A  
 NEXT IMP DUE: PLG-IT DISCREPANCIES (PLEASE PRINT):

DATE: 081387

PIC SIGNATURE: *[Signature]*

COMPONENT: PART NUMBER: P S L E S R I / R / F / C / L / O / B /

LAST NAME: STATION: P. 1  
 FIRST NAME: TIME: 0800  
 SIGNATURE: US NUMBER: 0988

THIS AIRCRAFT IS CERTIFIED AIRWORTHY

**FAA MAINTENANCE, INC.**  
**AIRCRAFT MAINTENANCE / FLIGHT LOG**

FORM NO. 1 ORIGINAL **181651081387** DIVISION **0988**  
 AC ID TYPE **0988** OBT DATE **081387**

FLIGHT DATA				TIME DATA				FUEL DATA				OIL DATA				
TYPE	SD	FROM	TO	IN	OUT	OFF	ON	IN	OUT	OFF	ON	IN	OUT	OFF	ON	
1	181651081387	MOBILE	KCMR	1755	1855	0000	1855	0000	1855	0000	1855	0000	1855	0000	1855	0000
SUB TOTAL				4176				660								

TIME COMPARED: 8568.13 CYCLES FORWARDED: 4176  
 TIME THIS PAGE: 3.05 CYCLES THIS PAGE: 1  
 TOTAL TIME: 8568.18 TOTAL CYCLES: 4177  
 CORRECTION: BY

CORRECTED TOTAL: TYPE OF IMP: N/A  
 NEXT IMP DUE: FLIGHT DISCREPANCIES (PLEASE PRINT):

DATE: 081387

PIC SIGNATURE: *[Signature]*

COMPONENT: PART NUMBER: P S L E S R I / R / F / C / L / O / B /

LAST NAME: STATION: P. 1  
 FIRST NAME: TIME: 0800  
 SIGNATURE: US NUMBER: 0988

THIS AIRCRAFT IS CERTIFIED AIRWORTHY

FLIGHT DATA												FUEL DATA					OIL DATA								
PLT	NR	TYPE	NO	FROM	TO	OUT	OFF	ON	IN	FLY	MLA	E	A	H	MIN	PER	SEC	4	1	TO	3				
10665	00			KT15	KT17																				
SUB-TOTALS												025	59	02	17										
DATE	TIME	IN	REV	NR	REV	NR	CARGO	REV	NR	REV	NR	E	S	LINE	IB	FI	LAST	NAME	TURNS	INSET	FOR	LOG	APP	ON	OFF
																	A	5/12/63	D. B. HARRIS						
TIME FORWARDED : 3557												CYCLES FORWARDED :		415		CHECK DATE :									
TIME THIS PAGE : 63												CYCLES THIS PAGE :		476		CHECK DATE :									
TOTAL TIME : 2346.73												TOTAL CYCLES :		891		CHECK DATE :									
CONNECTED TOTAL :												CONNECTED TOTAL :				CHECK DATE :									
NEXT IMP DUE :												TYPE OF IMP :				CHECK DATE :									
LIGHT DISCREPANCIES PLEASE PRINT												CONNECTIVE ACTION PLEASE PRINT				CHECK DATE :									
SIGNATURE : [Signature]												SIGNATURE :		[Signature]		CHECK DATE :									

THIS AIRCRAFT IS CERTIFIED AIRPORT WY

CHECK DATE : TIME : LIC NUMBER :

FLIGHT DATA												FUEL DATA					OIL DATA								
PLT	NR	TYPE	NO	FROM	TO	OUT	OFF	ON	IN	FLY	MLA	E	A	H	MIN	PER	SEC	4	1	TO	3				
10665	00			KT15	KT17																				
SUB-TOTALS												025	59	02	17										
DATE	TIME	IN	REV	NR	REV	NR	CARGO	REV	NR	REV	NR	E	S	LINE	IB	FI	LAST	NAME	TURNS	INSET	FOR	LOG	APP	ON	OFF
																	A	5/12/63	D. B. HARRIS						
TIME FORWARDED : 3557												CYCLES FORWARDED :		415		CHECK DATE :									
TIME THIS PAGE : 63												CYCLES THIS PAGE :		476		CHECK DATE :									
TOTAL TIME : 2346.73												TOTAL CYCLES :		891		CHECK DATE :									
CONNECTED TOTAL :												CONNECTED TOTAL :				CHECK DATE :									
NEXT IMP DUE :												TYPE OF IMP :				CHECK DATE :									
LIGHT DISCREPANCIES PLEASE PRINT												CONNECTIVE ACTION PLEASE PRINT				CHECK DATE :									
SIGNATURE : [Signature]												SIGNATURE :		[Signature]		CHECK DATE :									

THIS AIRCRAFT IS CERTIFIED AIRPORT WY

CHECK DATE : TIME : LIC NUMBER :

## MISCELLANEOUS DOCUMENTS OF FRANKLIN J. CAMPER

## EXHIBIT NO. 1

TO: \_\_\_\_\_

DATE: 31 JAN 87

\_\_\_\_\_, a representative of Military Intelligence, is calling upon you to solicit your cooperation in collection of military foreign intelligence, of which you may be knowledgeable and which is important to the defense of the United States. The following statement is provided to you under provisions of The Privacy Act (Public Law 93-579, 5 USC 552a):

a. Collection of foreign military intelligence is authorized under the National Security Act of 1947 (Section 102(d) (3)) and Executive Order 11905, 18 February 1976. Your cooperation in providing this information is voluntary. At no time will your name be released, in conjunction with this information, without your permission.

b. The principal purpose for which this information is intended is to provide the Department of Defense with intelligence required for the defense of the United States of America.

c. Routine use of this information is to support contingency planning and military operations. Information is used by Department of the Army, Department of Defense,

d. Your refusal to provide any or part of the requested information will have no effect on you.

(PLEASE COMPLETE ITEMS BELOW)

NAME: FRANKLIN J CAMPER  
(FIRST) (MI) (LAST)

ADDRESS: \_\_\_\_\_

*Franklin J. Camper*  
(SIGNATURE)

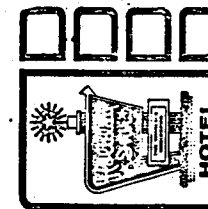
CLASSIFIED BY AUTHORITY OF  
*Secretary of the Army*

ON 8 July 1988 (1-1) 35  
Date

BY DAMI-CIS (88-M26-18)  
Person/Activity

INS on  
Rec'd by PAM 380-6

## EXHIBIT NO. 2



Holiday Inns of Panama

OPERATED UNDER LICENSE AGREEMENT WITH  
HOLIDAY INNS, INC. BY:

Paedros de America Central, S. A.  
VIA ITALIA - PUNTA PATILLA

P. O. BOX 1807 PANAMA 1, PANAMA

AFFILIATED WITH Paedros de Mexico, S. A. de C. V.

2326.85 PICTURES  
5.66 of PANAMA

4532.57

PANAMA TRIP  
26 JUN - 7 JUL '84

457.00	TICKET
45.00	EXC. BAGGAGE
454.39	PANAMA TICKET
31.97	ROOM
12.10	PANAMA
10.19	FOOD
4.67	FOOD
9.12	BOOKS
1624.75	ROOM PAID.
295.60	ROOM PAID.
4.16	FOOD
2322.90	
3.95	FOOD + PARK
2329.85	

*Frank Campos*

PARA IDENTIFICACION SOLAMENTE  
ONLY FOR IDENTIFICATION

CIUDAD - CITY: ESTADO - STATE: PAIS - COUNTRY: ENTRADA IN DATE:

RECEPCION CLERK: DIRECCION - STREET: FOLIO:

M. E. M. O.	FECHA DATE	SIMB. SYMB.	CUARTO ROOM	CARGOS CHARGES	CREDITOS CREDITS	SALDO BALANCE DUE	SALDO ANTERIOR PREVIOUS BALANCE
1 2555	25/06/84	PAID	914				
2 2649	26/06/84	TRCH	914	25.00		**200.00-18	**200.00
3	26/06/84	LDST	914	4.60		**175.00-732	**175.00
4 2757	26/06/84	LDST	914	21.40		**149.00-7-3	**149.00
5	26/06/84	ROOM	914	64.00			
6	26/06/84	TAX	914	6.40			
7 2394	26/06/84	PHON	914	.50			
8	26/06/84	T.V.	914	1.75		**76.35-732	**76.35
9	27/06/84	REST	914	3.35			
10 2632	27/06/84	LDST	914	18.00		**57.00-732	**57.00
11 2874	27/06/84	REST	914	6.60		**50.40-732	**50.40
12	27/06/84	ROOM	914	64.00			
13	27/06/84	TAX	914	6.40			
14	27/06/84	PHON	914	.50			
15 2793	27/06/84	T.V.	914	1.75		**42.25-732	**42.25
16	28/06/84	ROOM	914	64.00			
17	28/06/84	TAX	914	6.40			
18	28/06/84	PHON	914	.50			
19	28/06/84	T.V.	914	1.75		**49.90-732	**49.90
20						+ 5.76	
21						- 25.00	
22						75.66	
23							
24							

**PAID**

THE AMOUNT OF \$ 75.66

GRACIAS  
THANK YOU

POSADAS DE AMERICA CENTRAL, S.A.

**PAID**

THE AMOUNT OF \$ 200.00

26/6/84

14018

914 OUR BILL

ACEPTO QUE MI RESPONSABILIDAD PERSONAL Y MI RESPONSABILIDAD POR ESTA CUENTA NO SE REVOCABLE Y ME COMPROMETO ESPECIALMENTE A PAGAR ESTA CUENTA EN EL CASO QUE LA PERSONA, COMPANIA O INSTITUCION REFERIDA ME NEGARE A LA CANCELACION DE ALGUNA PARTE O LA SUMA TOTAL DE ESTOS CARGOS.

I AGREE THAT MY LIABILITY FOR THIS BILL IS NOT WAIVED AND I AGREE TO BE HELD PERSONALLY LIABLE IN THE EVENT THAT THE INDICATED PERSON, COMPANY OR INSTITUTION FAILS TO PAY FOR ANY PART OF THE FULL AMOUNT OF THESE CHARGES.

FIRMA  
SIGNATURE  
FRANK CAMPOS

CARGAR A / CHARGE TO

CIUDAD - CITY: PAIS - STATE: ZIP:

Timbres que corresponden al presente documento son pagados por declaración según resolución No. 201-201 de fecha 8 de agosto de 1980.

R.U.C. 024-567-110464

*Frank Campos*

PARA IDENTIFICACION SOLAMENTE  
ONLY FOR IDENTIFICATION

CIUDAD - CITY: ESTADO - STATE: PAIS - COUNTRY: ENTRADA IN DATE:

RECEPCION CLERK: DIRECCION - STREET: FOLIO:

M. E. M. O.	FECHA DATE	SIMB. SYMB.	CUARTO ROOM	CARGOS CHARGES	CREDITOS CREDITS	SALDO BALANCE DUE	SALDO ANTERIOR PREVIOUS BALANCE
	29/06/84	TRCH	703	25.00			
	29/06/84	LDST	703	7.00			
	29/06/84	LDST	703	9.40			
	29/06/84	LDST	703	36.68			
	29/06/84	LDST	703	7.00			
2734	29/06/84	REST	703	5.65		**70.65 /55	**70.65
	29/06/84	ROOM	703	64.00			
	29/06/84	TAX	703	6.40			
	29/06/84	PHON	703	.50			
2300	29/06/84	T.V.	703	1.75		**143.30 /69	**143.30
	30/06/84	REST	703	18.35			
2394	30/06/84	LDST	703	9.40		**171.05 /01	**171.05
2524	30/06/84	LDST	703	15.40		**186.45 /90	**186.45
2847	30/06/84	REST	703	6.60		**193.05 /02	**193.05
	30/06/84	BEVG	703	12.25			
	30/06/84	ROOM	703	64.00			
	30/06/84	TAX	703	6.40			
	30/06/84	PHON	703	.50			
2393	30/06/84	T.V.	703	1.75		**277.95 /91	**277.95
2504	01/07/84	LDST	703	32.20		**310.15 /43	**310.15
	01/07/84	REST	703	8.65			
2665	01/07/84	LDST	703	7.00		**325.80 /07	**325.80
	01/07/84	ROOM	703	64.00			
	01/07/84	TAX	703	6.40			
	01/07/84	PHON	703	.50			
2352	01/07/84	T.V.	703	1.75		**398.45 /11	**398.45
	02/07/84	REST	703	14.80		**410.35 /24	**410.35

GRACIAS  
THANK YOU

POSADAS DE AMERICA CENTRAL, S.A.

**PAID**

THE AMOUNT OF \$ 64.00

26/6/84

14018

703

TODAS LAS CUENTAS DE CARGOS PRESENTACION DE ESTE BILLETE SON DE RESPONSABILIDAD DEL CLIENTE QUE SE RESPONSABILIZA POR ESTA CUENTA NO SE REVOCABLE Y ME COMPROMETO ESPECIALMENTE A PAGAR ESTA CUENTA EN EL CASO QUE LA PERSONA, COMPANIA O INSTITUCION REFERIDA ME NEGARE A LA CANCELACION DE ALGUNA PARTE O LA SUMA TOTAL DE ESTOS CARGOS.

I AGREE THAT MY LIABILITY FOR THIS BILL IS NOT WAIVED AND I AGREE TO BE HELD PERSONALLY LIABLE IN THE EVENT THAT THE INDICATED PERSON, COMPANY OR INSTITUTION FAILS TO PAY FOR ANY PART OF THE FULL AMOUNT OF THESE CHARGES.

FIRMA  
SIGNATURE  
FRANK CAMPOS

CARGAR A / CHARGE TO

CIUDAD - CITY: PAIS - STATE: ZIP:

Timbres que corresponden al presente documento son pagados por declaración según resolución No. 201-201 de fecha 8 de agosto de 1980.

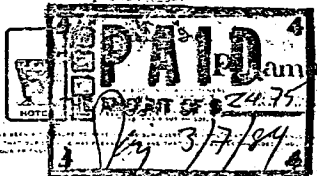
R.U.C. 024-567-110464

3 *Camper Frank* *66* *1* *29*

MEMO	FECHA DATE	SMB. S.W.	CUARTO ROOM	CARGOS CHARGES	CREDITOS CREDITS	SALDO BALANCE DUE	SALDO ANTERIOR PREVIOUS BALANCE
2558	02/07/84	LDST	703	51.20		**503.50 /23	**503.50
2684	02/07/84	REST	703	19.25			
	02/07/84	ROOM	703	64.00			
	02/07/84	TAX	703	6.40			
	02/07/84	PHON	703	.50			
2345	02/07/84	T.V.	703	1.75		**595.40 /28	**595.40
2353	03/07/84	TRCR	703		25.00	**570.40 /20	**570.40
	03/07/84	TRCH	703	454.34		**1,024.74 /60	

ODAS LAS CUENTAS PAGADERAS A SU PRESENTACION  
 OUR BILLS-PAYABLE UPON PRESENTATION  
 RESPONSABILIDAD POR ESTA CUENTA NO ES REVOCABLE Y ME COMPROMETO  
 A PAGAR ESTA CUENTA EN EL CASO QUE LA PERSONA, COMPANIA O AGEN-  
 CIA SE NEGARE A LA CANCELACION DE ALGUNA PARTE DE LA SUMA TOTAL DE  
 MY LIABILITY FOR THIS BILL IS NOT REVOCABLE AND I AM COMMITTED TO  
 PAY THE ENTIRE AMOUNT OF THIS ACCOUNT IN FULL, NOTWITHSTANDING  
 ANY PART OF THE BILL, AND OF THESE

*66* PAGAR ULTIMA CANTIDAD EN ESTACOLUMNA  
 GRACIAS THANK YOU



Corresponden al presente documento son recibos por depósitos según  
 201-201 de fecha 8 de agosto de 1980.

Instituto Nacional de  
 Estadística y Censos - Panamá

INTEL Telex Inter

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INTEL Telex Inter



**PASSENGER**

NAME		SURNAME		TITLE	
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PLACE OF BIRTH		CITY		COUNTRY	
NATIONALITY		RELIGION		MARITAL STATUS	
EDUCATION		OCCUPATION		PROFESSION	
ADDRESS		CITY		COUNTRY	
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ISSUE PLACE		ISSUE OFFICE		ISSUE OFFICER	
ISSUE DATE		EXPIRY DATE		EXPIRY PLACE	
ISSUE OFFICE		ISSUE OFFICER		ISSUE OFFICER	

**AIR PANAMA** *International*

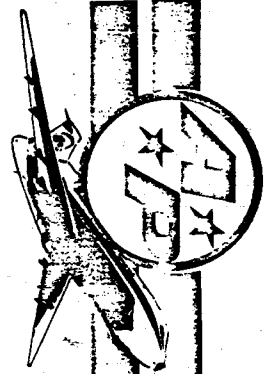
**RESERVA**

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CLASS	CARRIER	FLIGHT	CLASS	FARE BASIS	ORIGIN	DESTINATION	CARRIER	FLIGHT	CLASS	FARE BASIS	ORIGIN	DESTINATION	STATUS
Y	PA	200	Y	Y	PTY	PTY	PA	200	Y	Y	PTY	PTY	OK
Y	PA	200	Y	Y	PTY	PTY	PA	200	Y	Y	PTY	PTY	OK

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BILLETE DE PASAJE Y TALON DE EQUIPAJE  
 PASSENGER TICKET AND BAGGAGE CHECK  
 DOMICILIO SOCIAL HEAD OFFICE Ave. Justo Arosemena, Calle 34 Panamá, Rep. de Panamá

EMITIDO POR:  
 ISSUED BY:  
**AIR PANAMA**  
 INTERNACIONAL

427144010471444

4



**AIR PANAMA** INDEPENDENT

NAME: JACKIE A. ...  
 ADDRESS: ...  
 CITY: ATLANTA

**NOT GOOD FOR PASSENGER**

**NOT GOOD FOR PASSENGER**

DATE: 007/14  
 TIME: 08:00 AM

007 447 895 970  
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 85 ATL 33 1993

AIRLINE TICKET TO PANAMA

**AIR PANAMA** INDEPENDENT

NAME: ...  
 ADDRESS: ...  
 CITY: ...

**NOT GOOD FOR PASSENGER**

**NOT GOOD FOR PASSENGER**

DATE: 007/14  
 TIME: 08:00 AM

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 85 ATL 33 1993

TICKET FROM PANAMA

**AIR PANAMA** INDEPENDENT

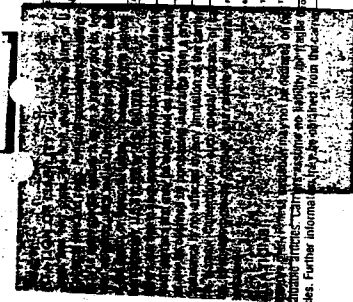
NAME: ...  
 ADDRESS: ...  
 CITY: ATLANTA

**NOT GOOD FOR PASSENGER**

**NOT GOOD FOR PASSENGER**

DATE: 007/14  
 TIME: 08:00 AM

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 ATLANTA  
 85 ATL 33 1993



[EXHIBIT NOS. 3 AND 4]

REPORT —

12 Dec 84

— FDN (Front For A Democratic Nicaragua)

— Commando Unit

— CODE NAME: PEGASUS

Size: At present approximately one dozen U.S. citizen volunteers and fifty or more FDN trainees.

Activity: Training for deep-penetration raids into Nicaragua

Location: Secure FDN forward area camp south of Tegucigalpa in Honduras, on Nicaraguan northern border.

Unit: "Pegasus" commando company.

Time: The unit is in formation now.

Equipment: Small arms. AK-47's, Uzi SMG's, special equipment includes night vision scopes, sound suppressors, and sniper rifles.

In April, 1984, I (Franklin J. Camper ) met with a representative of the FDN at a press conference and fund raising dinner in Decatur, Alabama. The rep was Alfonso Callejas, ex-Vice President of Nicaragua while under President Somoza.

In a private conversation with Callejas and Tom Posey of CMA (Civilian Military Assistance) while in Posey's home, I outlined a special unit for commando operations that the FDN could create, giving them a special operations capability.

Callejas protested that ideas for this type of unit had been considered in the past, and that special missions had been proposed, but the U.S. CIA had frequently turned them down. 91-936 61

Callejas specifically detailed one operation that involved damaging the "morning glory" gates of a large lake in Nicaragua that fed hydroelectric power stations. The loss of electrical power in the country would be massive, according to Callejas.

Present at the conference and dinner, but not in the private conversation when I outlined in writing the commando unit, was Paul Johnson, my designated Executive Officer for the Mercenary Association's Recondo School.

I discussed the formation of the unit again with Callejas in Atlanta, Georgia, at the Atlanta airport where I met Callejas. This was approximately two weeks later.

At this meeting, only Callejas and myself were present.

Callejas asked if U.S. mercenary troops could be provided (but did not specifically request them) by myself or through another contact, and inquired as to what the cost of bringing such troops to Honduras would be to help form the commando unit.

After general conversation about the unit, I parted with Callejas, and have had no further contact with him.

\* Paul Johnson became involved with Tom Posey after the Decatur meeting in April, 1984, and assisted CMA in the collection of donated clothing, money, and equipment. It was this association that led to Johnson eventually accepting a position as a volunteer with CMA to travel to Honduras.

Initially, Johnson wasn't informed of any special plans or arrangements CMA or the FDN had for him. Posey did ask Johnson after a continued relationship between them if personnel who had graduated

the Recondo School (Mercenary Association) could be approached for the purpose of volunteering to the FDN. Johnson then began to screen potential graduates and discuss this with them, explaining it was a job assisting the FDN in training, maintenance, and organization, that it did not pay, and it would not involve combat duty.

Posey offered Johnson a payment sufficient to clear a passport penalty imposed against him while serving as a volunteer with the Christian Militia under now-deceased Major Saad Haddad in Lebanon, so Johnson could travel to Honduras. The penalty was approximately \$600 to \$800.

Any exact travel plans Posey had for Johnson and the team of Recondo graduates he was to arrange were not made clear, except for a general standby status.

On 17 Nov 84, the last scheduled class of the Recondo School began, with Johnson still acting as XO under myself, but prepared to leave on Posey's notice.

Johnson had contacted Tom Palmer, a former U.S. Army veteran of Viet Nam, Ken Milbrandt, a young man with no prior service or combat experience, and Rusty Rossey, who had acted as Training Officer for the Recondo under Johnson. Rossey is ex-USMC. All were graduates of the School, and all qualified, in Johnson's opinion, to volunteer for duty with the FDN. Palmer, Milbrandt, and Rossey came to the School packed to go to Honduras, arriving at the end of the first week of training (23 Nov 84).

Posey drove to the School HQ ("The Bunker," 723A Brooklane Drive, Hueytown, Al, 35023) on Monday night, 26 Nov 84, to collect the volunteers.

It was on this day that Johnson told me Posey had "spécial" duties for the Recondo graduates, which was the training and support of a "commando" unit being formed within the FDN.

The duties could involve combat, such as participation on long range patrols, deep penetration raids, or sniper missions within the borders of Nicaragua.

This is precisely the type of training given in the School, patrolling, raiding, and other small unit actions.

Johnson wanted me to get the message about the commando unit to a U.S. Counter-Intelligence officer with whom he had cooperated before via his position as the XO at the Recondo School to gather information about foreign students.

Posey had been sketchy about the unit to Johnson, but the organization of it closely matched the outline I had given to Callejas in April.

While picking up the volunteers, Posey informed me FDN would accept as many qualified Recondo graduates as I could muster, since the new unit could use as many as "one hundred U.S. volunteers."

I was to contact the prospective volunteer, get him to fill out an CMA/FDN application, and have the man make personal contact with Posey.

Posey drove the volunteers to New Orleans, where after a delay, flew to Honduras on or about 29 Nov 84.

Upon arrival in Tegucigalpa, the group of CMA volunteers mixed with the Recondo School graduates were intercepted by a reporter, William Thomas (Commercial Appeal, Memphis, Tenn.) who obtained the information from one of the men who identified himself only as

a "Colonel Floco," and said he was from Alabama, that the group was destined for a new FDN commando group that was formed under the name "Pegasus."

Col. Floco stated the mission of the Pegasus unit was to make raids inside Nicaragua against sensitive military targets.

Col. Floco did not explain why he was revealing what would seem to be classified information. Floco's statements were reported in hundreds of newspapers in the United States over the next week, as William Thomas wrote a series of articles on a malcontent CMA volunteer from Lawton, Oklahoma, named Richard Thomas, who was returning home after being in Honduras only a few days.

Here are specific statements made by Posey to Johnson and myself pertaining to Johnson's duty in Honduras.

1. No photographs would be allowed by any of the volunteers at the Pegasus camp, but that in other areas, cameras would be allowed.

2. Pegasus might encompass more than one campsite, as Posey said Johnson would travel to either one or more nearby camps that would also not allow photography.

3. Johnson telephoned The Bunker prior to leaving for Honduras from New Orleans and told me the weapons "his unit" would be using would be Uzi SMG's and AK-47's.

4. At least one ex-U.S. Starlight scope Posey had been given or had purchased early in 1984 had been held in reserve for special purposes, and had only been sent to Honduras "recently." It was an AN/PVS-2 unit.

5. The FDN/CIA disagreements over special mission operations had been solved by the FDN taking charge of their own needs, and operating more independently of the U.S. government.

6. The Soviet HIND-D helicopters were a priority target of the new unit.

7. First missions would commence shortly after New Years, 1985.

#### PEGASUS UNIT OUTLINE

The Pegasus unit is being formed first as a company-sized Special Operations Group, with the planned intent to expand to Battalion size in the future. It is organized into three groups.

#### INTELLIGENCE GROUP

This is a recon force intended for long range patrols well behind Sandinista lines, equipped to operate with agents and informers, and to exist off the land or from agent-set food & medical caches for extended missions.

#### SNIPER GROUP

The Sniper Group may travel with a Pegasus-LRP or operate on its own. The purpose of the Snipers is to pin down outposts, make the use of some roads or other areas hazardous, and to eliminate Sandinista leadership personnel in "secured" or rear areas.

#### RAID TEAMS

The Raid Teams are for fast, precise combat raids anywhere inside Nicaragua against military or economic targets.

At this time, Paul Johnson is part of Pegasus, along with Recondo volunteers Rusty Rossey, Ken Milbrandt, and Tom Palmer.

Johnson is willing to act as an intelligence asset for the U.S. Government, but was moved too quickly to Honduras to establish a secure means of relaying information out of the Pegasus unit.

His mail is handcarried in and out, and is subject to inspection. Johnson gave me this contact address for him:

Pablo Johnson  
c/o Mario Calero  
PO Bx 952, Kenner, La. 70063

It is reasonable to assume Johnson has been given a position of authority with Pegasus, and can provide valuable intelligence data on movements and intentions of Pegasus.

Because of the sensitive nature of the Pegasus unit, and the security FDN has imposed around it, Johnson's cooperation with any U.S. intelligence gathering agency is a risk for him, with possible arrest, torture, or death for what could be construed as treason against the FDN.

#### PROPOSAL TO ESTABLISH CONTACT WITH JOHNSON


Because I am accepted by Posey and FDN, it is possible for myself to travel to Honduras, and visit Johnson, either at a neutral site or within the FDN Pegasus camp itself.

Johnson and the other Recondo School graduates have a high degree of loyalty to me, and could be depended on for assistance.

I project the cost of my trip to Honduras from Birmingham, Alabama to meet and establish a safe means of communication from Johnson to be approximately \$3,000.00 U.S.

This trip would be well coordinated with assigned U.S. intelligence officers to realize the maximum benefit from it.

Please contact me if there are any questions.

 Franklin J. Camper

## EXHIBIT NO. 5

## ANTI-TANK MISSILE "RED ARROW -73"

The Red Arrow - 73 anti-tank missile is designed to neutralize enemy armour at ranges from 500 m to a maximum of 3,000 m. It can be mounted on armoured vehicles or operated by infantry due to its light weight. This weapon is rail-launched, optically aimed and tracked and wire guided for lessened vulnerability to jamming devices and other counter measures. Of high quality, it is made to precise specifications while still costing less than comparable systems used elsewhere.

## PERFORMANCE DATA

Max. range	3000 m
Min. range	500 m
Rate of fire at max. range	2 rounds/min
Average flying speed at sustaining stage	120 m/sec
Fuse arming distance	70 - 200 m
Penetrating performance:	
static penetrating	500 mm
dynamic penetrating	150 mm/65°
Caliber	120 mm
Missile length	868 mm
Span	393 mm
Missile weight	11.3 kg
Guidance	hand control, wire command link, line-of-sight guidance
Operational Environment:	
temperature	-40° - +50°C
humidity	>95+3% (+40°C)

## PACKING DATA

Name of Package	Missile Packing Box	Carrying Box	Launching Device Packing Box	Control Device Packing Box
Dimensions of package (mm <sup>3</sup> )	1058x345x398	586x365x208	710x580x560	670x390x256
Weight (kg)	32	52	39	19
Item contained in the package	one missile	one missile with a launching rail	two carrying boxes	one set of control device

## PROYECTIL ANTITANQUE "RED ARROW - 73"

El proyectil antitanque "Red Arrow - 73" se diseñó para neutralizar vehículos blindados del enemigo localizados a un alcance de 500 m a 3000 m. Se puede montar en vehículos blindados o puede operarse por la infantería debido a su peso ligero. Este proyectil se lanza por medio de un riel, se dirige y se rastrea ópticamente y se guía por control remoto para disminuir su vulnerabilidad a perturbaciones de señales interferentes y a otras medidas de represalia del enemigo. Se fabrica bajo especificaciones precisas de alta calidad y cuesta menos que otros sistemas comparables en uso actualmente.

## DATOS DE RENDIMIENTO

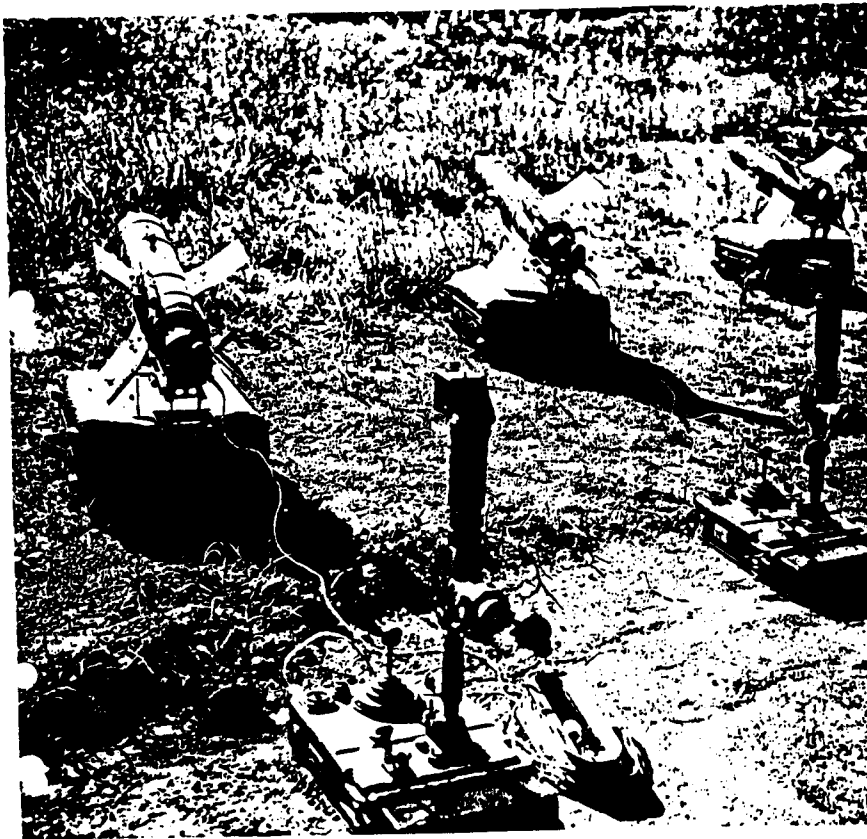
Alcance máximo	3000 m
Alcance mínimo	500 m
Velocidad de fuego al alcance máximo	2 proyectiles/minuto
Velocidad promedio de vuelo sostenido	120 m/s.
Distancia de armar la espoleta	70 a 200 m
Capacidad de penetración:	
penetración estática	500 mm
penetración dinámica	150 mm/65°
Calibre	120 mm
Largo del proyectil	868 mm
Espesor	393 mm
Peso del proyectil	11,3 kg
Gua	controlado manualmente por control remoto, guía de línea de mira
Medio ambiente de operación:	
temperatura	-40° a +50°C
humedad	95+3% (+40°C)

## DATOS DE EMBALAJE

Nombre del paquete	Caja de embalaje del proyectil	Caja de Transporte	Caja de embalaje del dispositivo de lanzamiento	Caja de embalaje del dispositivo de control
Dimension del paquete (mm <sup>3</sup> )	1058x345x398	586x365x208	710x580x560	670x390x256
Peso (kg)	32	52	39	19
Artículo en el paquete	un cohete	un cohete con un riel de lanzamiento	dos cajas de transporte	un dispositivo de control

**ANTI-TANK MISSILE RED ARROW-73**

"Red Arrow-73"



"Red Arrow-73"



### Characteristics

- Long range, great penetrative performance, higher hitting probability, especially first round hitting probability.
- Light weight, compact configuration, good portability, high mobility, quick emplacement and withdrawal and good concealment.
- "Visual aiming and tracking, joystick control and wire command link" is employed for guidance system. It is easy to aim, control and even hit the target.
- Good anti-jamming performance due to wire link.
- Safety in handling and in operation.

### Performance Data

Max. range	3000 m
Min. range	500 m
Rate of fire at max. range	2 rounds/min
Average flying speed at sustaining stage	120 m/sec
Fuze arming distance	70~200 m
Penetrative performance:	
static penetrating	500 mm
dynamic penetrating	150 mm 65°
Caliber	120 mm
Missile length	868 mm
Span	393 mm
Missile weight	11.3 kg
Guidance	hand control, wire command link, line-of-sight guidance
Operational Environment:	
temperature	-40° ~ +50°C
humidity	95 ± 3% (+40°C)

### Packing Data

Name of package	Missile packing box	Carrying box	Launching device packing box	Control device packing box
Dimensions of package (mm <sup>3</sup> )	1058 × 345 × 398	586 × 365 × 208	710 × 580 × 560	670 × 390 × 256
Weight (kg)	32	52	39	19
Item contained in the package	one missile	one missile with a launching rail	two carrying boxes	one set of control device

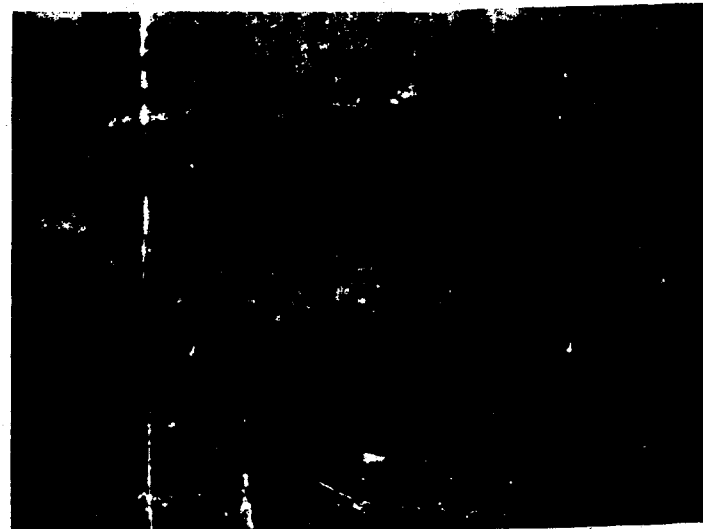
### Application

This anti-tank missile is designed to attack tanks and armoured targets within a distance of 500 to 3000 meters and to destroy enemy's firing strongholds and simple field defense works. It can be used and operated by infantry individual soldiers as well as installed on armoured vehicles.



# MISSILE ANTICHAAR

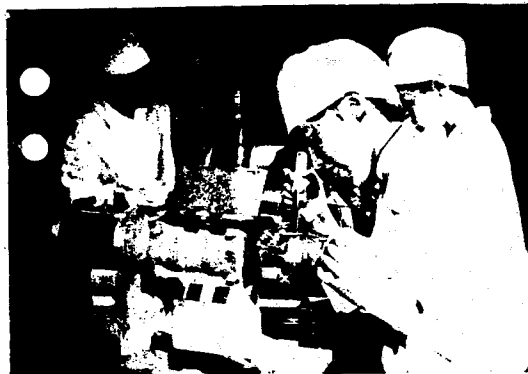
Type Hong Jian-73



### Particularités

- Grande puissance de perforation à longue portée, probabilité d'atteinte élevée au premier coup.
- Légèreté, petites dimensions, portabilité et bonne mobilité, mise en batterie et en retrait rapides, facilité de s'abriter.
- Système de guidage: "visée et poursuite par l'œil, guidage par la manche de télécommande, transfert des ordres par fils", facilité de pointage de tir et de guidage jusqu'à l'atteinte de l'objectif.
- Guidage par fils, excellente capacité d'antiparasitage.
- Sécurité en service logistique et en opération.





#### Destination

Ce missile sert à attaquer des chars et des blindés à la distance de 500 à 3000 m. Il est aussi destiné à détruire les postes de tir ou les fortifications simples de campagne. Il peut être transporté et employé par un seul fantassin, ou être aussi mis en oeuvre à partir des véhicules blindés.

#### Caractéristiques principales

Portée:	
maximum	3000 m
minimum	500 m
Cadence de tir à portée maxi.	2 coups/min
Vitesse de vol moyenne de croisière	120 m/s
Distance d'armé de fusée	70 à 200 m
Pouvoir de perforation	
—perforation statique	500 mm
—perforation cinétique	150 mm, à 65°
Diamètre	120 mm
Longueur	868 mm
Envergure	393 mm
Poids	11,3 kg
Mode de guidage	contrôle manuel, à fils, guidage de 3 points
Environnement d'emploi	
—températures	-40°C à +50°C
—humidités	95 ± 3% (+40°C)

#### Emballage

Boîtes d'emballage	Boîte du missile	Boîte de portage	Boîtes du dispositif de lancement	Boîte du dispositif de commande
Dimensions (mm)	1058 x 345 x 398	586 x 365 x 208	710 x 580 x 560	670 x 390 x 256
Poids (kg)	32	52	39	19
Contenus d'emballage	1 missile	1 missile (y compris le dispositif de lancement)	2 boîtes de portage	1 dispositif de commandé

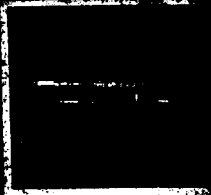


# HN-5

## MISSILE SYSTEM

## HN-5 LOW-ALTITUDE

The HN-5 missile weapon system is a man-portable, shoulder-fired low-altitude air defence missile weapon system used to destroy low-altitude thermal radiating targets under visual conditions in chasing and head-on attack modes. The weapon system is designed for covering mechanized infantry, armoured force and parachute troops.



The HN-5 missile weapon system consists of the missile, firing unit and launcher.

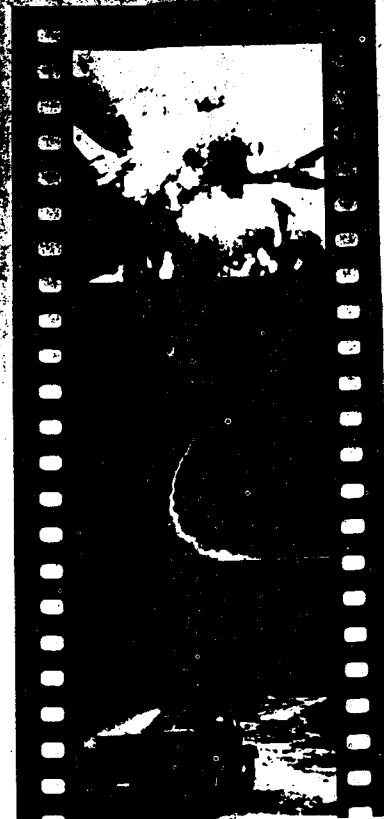


The HN-5 missile weapon system is characterized by high kill probability, short readiness time and high mobility and can be used in various combat military activities. The operator requires little care of the system. The missile can be fired from an open terrain, on an armoured vehicle or from a flat-car as long as the target can be detected visually and the safety of

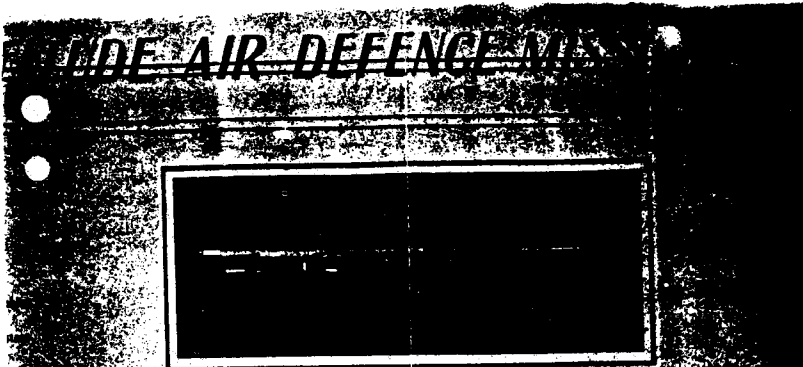
## MISSILE WEAPON



The HN-5 missile weapon system consists of the launching tube, missile, firing unit and launcher.



The HN-5 missile weapon system is characterized by light weight, small size, high kill probability, short readiness time and high mobility and can be used in various combat military activities. The operator requires little care of the system. The missile can be fired from an open terrain, on an armoured vehicle or from a flat-car as long as the target can be detected visually and the safety of the operator can be ensured.



The HN-5 missile weapon system consists of the launching tube, missile, firing unit and battery.

The HN-5 missile weapon system is characterized by light weight, small size, high kill probability, short readiness time and high mobility and can be used in various combat military activities, only one gunner is required to carry and take care of the system. The missile can be fired at any position such as in a trench, in an open terrain, on an armoured vehicle or flat-car as long as the target can be detected visually and the safety of gunner can be ensured.



EXHIBIT NO. 6

1 UNITED STATES DISTRICT COURT  
 2 CENTRAL DISTRICT OF CALIFORNIA  
 3  
 4 HONORABLE ALICEMARIE H. STOTLER, JUDGE PRESIDING  
 5  
 6 UNITED STATES OF AMERICA, )  
 7 PLAINTIFF, )  
 8 VS. )  
 9 FRANKLIN JOSEPH CAMPER, )  
 10 WILLIAM DEAN HEDGCORTH, )  
 11 LEE ANN FAULK, )  
 12 DEFENDANTS. )

COPY

NO. CR 86-483(B)-AHS  
CASE I.D.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

LOS ANGELES, CALIFORNIA

WEDNESDAY, MARCH 18, 1987

9:25 A.M.

22 VOLUME 3  
23 PAGES 3-1 - 3-272FREDA MENDELSON, CSR, RPR  
OFFICIAL REPORTER  
442-B UNITED STATES COURT HOUSE  
312 NORTH SPRING STREET  
LOS ANGELES, CALIFORNIA 90012  
(213) 687-393624  
25 (PAGES 241

PEKOR -- DIRECT

3-263

1 THE BACK.

2 AND HE WAS TELLING SOMEBODY ABOUT SOMETHING TO  
3 DO WITH SOME KIND OF INTELLIGENCE MATTER. I DON'T KNOW  
4 ANY DETAILS ABOUT IT.

5 HE WENT BACK IN THE BACK FOR MAYBE 10 OR 15  
6 MINUTES AND THEN HE CAME OUT WITH A MAN FROM THE EMBASSY.  
7 I DON'T KNOW WHO THE MAN WAS.

8 IT WAS MY IMPRESSION THAT THE MAN HAD SOMETHING TO  
9 DO WITH THE U.S. GOVERNMENT OR MILITARY INTELLIGENCE, OR  
10 SOMETHING OF THAT NATURE.

11 Q ALL RIGHT, SIR.

12 A <sup>APPROX AUG 1961</sup> ~~THE~~ SECOND INSTANCE WAS IN BIRMINGHAM, ALABAMA, WE  
13 WERE -- AS FAR AS I WAS CONCERNED, LIKE I SAY, A BUSINESS  
14 VENTURE. AND WE WERE MEETING WITH TWO GENTLEMEN WHO WERE  
15 SUPPOSED TO BE REPRESENTATIVES OF THE U.S. GOVERNMENT. I  
16 THINK THEY WERE SUPPOSED TO BE INVOLVED IN SOME WAY WITH  
17 THE U.S. MILITARY INTELLIGENCE.

18 AND THERE WAS SOME CONCERN -- <sup>★</sup>MR. CAMPER WAS AT  
19 THIS MEETING. I WAS AT THE MEETING. A MAN NAMED LARRY  
20 DUNWOODY FROM ATLANTA WAS INVOLVED WITH THIS BUSINESS THERE.  
21 A COMPANY NAMED TRONTECH.

22 AND MR. CAMPER AND MR. DUNWOODY AND MYSELF MET  
23 WITH THESE TWO GENTLEMEN.

24 AND THE MEETING WAS ARRANGED TO BE -- TO TAKE  
25 PLACE INITIALLY AT THE FBI OFFICE IN BIRMINGHAM PRIMARILY

PEKOR -- DIRECT

3-264

1 TO -- SO THAT WE COULD BE ASSURED THAT THESE GENTLEMEN  
2 WERE IN FACT WHAT THEY WERE SAYING THEY WERE, THAT THEY  
3 DID IN FACT HAVE BONA FIDE INVOLVEMENT WITH THE U.S.  
4 GOVERNMENT.

5 Q AND DO YOU RECALL WHO THESE MEN DID SAY THAT THEY WERE?  
6 A ONE MAN WAS FROM WASHINGTON, D.C., AND I THINK HE HAD  
7 A BUSINESS CARD AND HE BASICALLY SAID HE WAS INVOLVED IN  
8 SOME WAY, IT WAS A BIG LONG NAME. IT WAS A -- I THINK  
9 SOMETHING THAT WAS INVOLVED IN DEFENSE, LOGISTICS SYSTEMS,  
10 SOMETHING LIKE THAT. A BIG LONG TITLE. HE WAS LIKE  
11 ASSISTANT DIRECTOR OR SOMETHING LIKE THAT. AND I JUST  
12 ASSUMED THAT HE WAS PROBABLY INVOLVED IN MILITARY  
13 INTELLIGENCE BECAUSE IT WAS JUST SORT OF THE NAME HE HAD  
14 BEEN USING.

15 THE OTHER MAN WAS SUPPOSED TO BE FROM HUNTSVILLE,  
16 ALABAMA. AND I THINK HE WAS SUPPOSED TO BE WITH MILITARY  
17 INTELLIGENCE ALSO.

18 Q DID YOU IN FACT MEET THESE GENTLEMEN AT THE FBI OFFICE?

19 A YES, SIR, WE DID.

20 Q AND WAS THERE A SYSTEM WHEREBY THAT THE FBI MORE OR  
21 LESS CLEARED -- WERE THEY MORE OR LESS THE ENTREE TO VERIFY  
22 THE CREDENTIALS OF THESE GENTLEMEN TO YOURSELF AND  
23 MR. CAMPER?

24 A MR. DUNWOODY -- LARRY DUNWOODY AND MYSELF WERE BOTH  
25 VERY CONCERNED THAT WE WERE GOING TO GET INVOLVED WITH

PEKOR -- DIRECT

3-265

1 SOMETHING THAT WAS NOT LEGAL AND WASN'T PROPER. AND WE  
2 WANTED TO BE VERY SURE THAT THESE MEN WERE IN FACT BONA FIDE  
3 REPRESENTATIVES OF THE U.S. GOVERNMENT.

4 AND IT WAS FELT THAT THAT WAS A GOOD WAY TO  
5 ENSURE THAT WHATEVER AGENCY THEY REALLY WORKED FOR THEY  
6 WERE LEGITIMATELY, AT LEAST THEY WERE NOT JUST PEOPLE  
7 PRETENDING TO BE HAVING THAT KIND OF, YOU KNOW, AFFILIATION.

8 AND SO THAT WAS THE REASON FOR IT. THAT WAS WHY  
9 WE SAID WE WOULD LIKE TO MEET THERE.

10 Q WAS THAT VERIFICATION BY THE FBI OFFICE ACCOMPLISHED?

11 A HE DID INTRODUCE US TO THEM. HE DIDN'T REALLY SAY  
12 THAT THESE MEN WERE SUCH AND SUCH FROM SO AND SO, BUT WE  
13 CAME IN, THE OTHER TWO MEN CAME IN AND HE KNEW THEM, OR AT  
14 LEAST ONE OF THEM, AS I RECALL, THE FBI AGENT DID. I CAN'T  
15 REMEMBER THE FBI AGENT'S NAME.

16 WE JUST INTRODUCED EVERYBODY ALL AROUND AND WE  
17 ALL SHOOK HANDS AND HE SAID WELL, SHALL WE GO TALK.

18 AND WE WENT TO A MOTEL ROOM IN BIRMINGHAM WITH  
19 THE TWO MEN.

20 MR. WYNN: ALL RIGHT, SIR.

21 I BELIEVE THAT'S ALL THAT I HAVE, YOUR HONOR.

22 THE COURT: ALL RIGHT. DOES THE GOVERNMENT HAVE  
23 ANY QUESTIONS OF EITHER OF THE WITNESSES?

24 IF THE ANSWER IS YES WE WILL HAVE TO CONDUCT A  
25 FURTHER HEARING IN THE MORNING, BUT I WOULD LIKE TO KNOW

1

1  
2  
3 DEPOSITION OF AMJAD AWAN

4  
5 FRIDAY, SEPTEMBER 30, 1988

6  
7 United States Senate,  
8 Subcommittee on Terrorism,  
9 Narcotics, and International  
10 Operations,  
11 Committee on Foreign Relations,  
12 Washington, D. C.

13 The deposition of Amjad Awan commenced at 10:06 a.m. in  
14 Room S-116, The Capitol, Jack Blum, Counsel, presiding.

15 Present: Jack Blum, Counsel; Dr. James P. Lucier,  
16 Minority Staff Director; Kathleen Smith, Tim King, Jonathan  
17 Litchman, Helen Albert and Sean Moran -- Committee and  
18 Senators' Staffs; Alvin Romanowski and William E. Lochran,  
19 Capitol Security.

20 Also Present: John C. Grabow, Esq., Ginsburg, Feloman  
21 and Bress, Chartered, 1250 Connecticut Avenue, N.W.,  
22 Washington, D. C. 20036, (202-637-4000), counsel for Mr.  
23 Awad.

24 Mr. Blum: Let's go on the record.

25 Before we begin this deposition I would like to say a

1 number of things for the record.

2 First, to everyone in the room, this hearing is  
3 classified at the Committee Sensitive level. The reason for  
4 the classification, and the sign-in, and the tight security  
5 here this morning is our concern for Mr. Awan's life.

6 The materials in this deposition relate to contacts,  
7 mainly relate to contacts with General Noriega, and there may  
8 be a direct threat to his life in telling us what he will  
9 tell us.

10 Therefore, I would admonish everyone to be extremely  
11 careful about the contents of what is said this morning. We  
12 are holding it very, very closely.

13 Secondly, with respect to any documents to be furnished  
14 here this morning, we have agreed with counsel to treat them  
15 on the basis of the same treatment we accord the documents  
16 that we received from the bank for which Mr. Awan worked, the  
17 Bank of Credit and Commerce International. With that, we  
18 agreed not to release those documents, and we would certainly  
19 accord any of the documents that have been furnished here the  
20 same status.

21 Third, we have agreed that before we make public any part  
22 of this or even the use of the materials, we would be back in  
23 contact with Mr. Awan and his attorneys to let them know and  
24 give them an opportunity to say what they will about that  
25 problem, principally because of the issue of safety and our

1 concern as a consequence of the cooperation with us that  
2 nothing untoward happens.

3 Mr. Grabow: Could I ask one question?

4 I am Jack Grabow, Mr. Awan's attorney.

5 Would you define the "Committee Sensitive" level for me?

6 Mr. Blum: What it means is that it is not to be  
7 disclosed outside the Committee and staff accredited to the  
8 Committee. It will be maintained here, and anyone who sees  
9 it will have to sign up. We are simply going to hold this  
10 very, very tightly.

11 There are a variety of penalties, fairly severe, and we  
12 will know who has had access to what material.

13 Mr. Grabow: Would it require a Subcommittee vote to be  
14 released?

15 Mr. Blum: Yes.

16 Having said that, would you identify yourself fully for  
17 the record.

18 Mr. Grabow: Yes.

19 My name is John Grabow. I am with the law firm Ginsburg,  
20 Feldman and Bress in Washington, D. C., and I am representing  
21 Mr. Awan today.

22 Mr. Blum: Would you please identify yourself for the  
23 record, Mr. Awan.

24 Mr. Awan: Anjad Awan.

25 Mr. Blum: Would the Court Reporter please swear the

1 witness.

2 The Court Reporter: Mr. Awani, would you please stand and  
3 raise your right hand.

4 Do you hereby solemnly swear or affirm that the testimony  
5 you are about to give in this proceed will be the truth, the  
6 whole truth, and nothing but the truth.

7 Mr. Awani: I do.

8 Mr. Grabow: Mr. Blum, before we start, I have met Mr.  
9 King, but just who else is present?

10 Mr. Blum: We will provide you with a list of those  
11 present today.

12 Mr. Grabow: Okay.

13 Mr. Blum: Will you please state your full name for the  
14 record.

15 Mr. Awani: Arjad Awani.

16 Mr. Blum: Arjad Awani.

17 where were you born?

18 Mr. Awani: Kashmir, Pakistan.

19 Mr. Blum: What is your date of birth?

20 Mr. Awani: It's 20 July, 1947.

21 Mr. Blum: Where are you a citizen?

22 Mr. Awani: United Kingdom.

23 Mr. Blum: When did you get United Kingdom citizenship?

24 Mr. Awani: In 1977, to the best of my recollection.

25 Mr. Blum: What did you leave Pakistan for the U.K.?

1 Mr. Awani: In 1971.

2 Mr. Blum: Would you briefly summarize for us your  
3 educational background?

4 Mr. Awani: I hold a degree in economics from the Panjab  
5 University in Pakistan.

6 Mr. Blum: Where did you work when you left the  
7 university?

8 Mr. Awani: I first started work with an investment bank  
9 in Pakistan, subsequently joined United Bank, which is a  
10 commercial bank, in Pakistan.

11 Mr. Blum: United bank in Pakistan was then led by Mr.  
12 Abidi, is that correct?

13 Mr. Awani: He was the president. Correct.

14 Mr. Blum: Would you tell us a little bit about who Mr.  
15 Abidi is and what his role was, first at United bank, and  
16 later at other institutions?

17 Mr. Awani: Mr. Abidi is a banker by profession. When I  
18 met him he was president of United Bank, which was a  
19 privately held bank in Pakistan, one of the largest banks  
20 there.

21 Mr. Blum: Did there come a time when you left United  
22 Bank?

23 Mr. Awani: Yes.

24 Mr. Blum: When was that?

25 Mr. Awani: In 1976, I think, early 1976.

1 Mr. Blum: Was that at the time the United Bank was  
2 nationalized?

3 Mr. Awani: It had been nationalized for some years.

4 Mr. Blum: What was the date of the nationalization?

5 Mr. Awani: The first January, 1973.

6 Mr. Blum: Where did you go after you left United bank?

7 Mr. Awani: I joined a bank called International Resources  
8 and Finance Bank, a subsidiary of the Bank of Montreal.

9 Mr. Blum: Where were you based with them?

10 Mr. Awani: Montreal, London, and Dubai.

11 Mr. Blum: What was your job at that bank?

12 Mr. Awani: I was the Vice President for Marketing.

13 Mr. Blum: Where did you go after you left that bank?

14 Mr. Awani: To the bank of Credit and Commerce.

15 Mr. Blum: How did it come that you were hired by the  
16 Bank of Credit and Commerce?

17 Mr. Awani: I knew several of the people who worked for  
18 that bank because of my association with United Bank and with  
19 Mr. Abidi, in fact.

20 Mr. Blum: Can you give us your understanding of a brief  
21 history of the Bank of Credit and Commerce?

22 How did that bank come to be founded and what did it do?

23 Mr. Awani: After nationalization of private banks in  
24 Pakistan, Mr. Abidi, who was the President of United Bank,  
25 got a group of basically Arab shareholders and the Bank of

1 America to form this bank. He asked a lot of his old  
2 colleagues from United Bank to join him, which they did.

3 This was in 1973, immediately after the nationalization.

4 Mr. Blum: Where was this bank established?

5 Mr. Awani: Luxembourg -- registered in Luxembourg.

6 Mr. Blum: How did he go about building the bank? Where  
7 did it begin operations?

8 Mr. Awani: It started with three branches: one in Abu  
9 Dhabi, Luxembourg, and one in London.

10 It just grew, basically, according to the patterns of  
11 trade which they were pursuing.

12 Mr. Blum: What were those patterns of trade?

13 Mr. Awani: Trade financing, mainly, as related to the  
14 Middle Eastern countries and the oil business.

15 Mr. Blum: Where were the deposits coming from at that  
16 time?

17 Mr. Awani: At that stage, mainly from the Arab  
18 shareholders and the Middle East.

19 Mr. Blum: When you joined the bank, you joined them in  
20 London, is that correct?

21 Mr. Awani: That is correct.

22 Mr. Blum: When did you do that?

23 Mr. Awani: Seventh of December, 1978.

24 Mr. Blum: What was your job in London with BCCI?

25 Mr. Awani: My initial job was Marketing Manager at the



1 main branch.

2 Mr. Blum: What does the Marketing Manager do?

3 Mr. Awani: Basically market bank services.

4 Mr. Blum: Is that selling new accounts, selling bank  
5 services?

6 Mr. Awani: That's correct.

7 Mr. Blum: Managing the branch, in effect?

8 Mr. Awani: Not so much managing the branch, but more  
9 sales.

10 Mr. Blum: Sales?

11 Mr. Awani: Yes.

12 Mr. Blum: How large was the bank in London at that  
13 time?

14 Mr. Awani: In terms of branches?

15 Mr. Blum: In terms of branches and in terms of  
16 deposits.

17 Mr. Awani: There should have been about 40-odd branches.

18 I am not aware of the volume of deposits.

19 Mr. Blum: How was the bank able to get so many branches  
20 going in London, in that highly competitive market?

21 Mr. Awani: There is no law against opening the branches,  
22 once you are registered in the U.K. You can open as many  
23 branches as you want to.

24 The initial thrust of the bank was looking after or  
25 trying to market the immigrant community, the various

1 immigrant communities in the U.K. That's where they opened  
2 these branches to start with.

3 Mr. Blum: And the bank was successful because of its  
4 relationship with that immigrant community?

5 Mr. Awani: That was part of the reason for its success,  
6 yes.

7 Mr. Blum: Who was your superior when you were working in  
8 London?

9 Mr. Awani: My immediate superior was a gentleman called  
10 Mr. Shaik.

11 Mr. Blum: What was his title or job in London?

12 Mr. Awani: He was at that time called the Chief Manager  
13 of the Main Branch.

14 Mr. Blum: How long had he been with the bank?

15 Mr. Awani: To the best of my knowledge, he started with  
16 them when the bank opened. He was another ex-United Bank  
17 man, so he had been with the group for a number of years.

18 Mr. Blum: So he had been working with Mr. Abidi for a  
19 considerable period of time before he came with him on the  
20 bank, when the bank started?

21 Mr. Awani: That's correct.

22 Mr. Blum: Does he continue to be with the bank, then?

23 Mr. Awani: No.

24 Mr. Blum: What is he doing?

25 Mr. Awani: He is in business on his own account.

1 Mr. Blum: Is that a trading business in London?

2 Mr. Awani: That is correct.

3 Mr. Blum: Dealing principally with Nigeria? Is that  
4 correct?

5 Mr. Awani: I believe so, yes.

6 Mr. Blum: Did there come a time in London when you were  
7 introduced to various Panamanians -- the President of Panama  
8 and General Torrijos?

9 Mr. Awani: Yes.

10 Mr. Blum: How did that come to pass?

11 Mr. Awani: Basically, because of the Panamanian  
12 Ambassador, who was known to my superior, Mr. Shaik.

13 Mr. Blum: Who did you meet with?

14 Who came through London from Panama that you met with?

15 Mr. Awani: General Torrijos, General Noriega, Dr. Koyo,  
16 various ministers. I don't remember exactly who.

17 Mr. Blum: Do you remember the name of the Panamanian  
18 Ambassador?

19 Mr. Awani: This particular gentleman?

20 Mr. Blum: Yes.

21 Mr. Awani: Guillermo Vega.

22 Mr. Blum: Guillermo Vega.

23 Did you get the job of escorting any of these  
24 Panamanians? Did you have a particular function in taking  
25 care of their needs?

1 Mr. Awani: On occasion, yes.

2 Mr. Blum: Who did you help out that way?

3 Mr. Awani: Both Dr. Royo and General Torrijos.

4 Mr. Blum: Is that a usual bank service, to take care of  
5 people like that?

6 Mr. Awani: Yes.

7 Mr. Blum: Would you describe for the record why that is  
8 and what you are trying to do?

9 Mr. Awani: Well, basically, again, marketing -- to be  
10 able to build relationships or contacts with important people  
11 where you might be having business, opening a branch, or just  
12 good PR.

13 Mr. Blum: Good public relations.

14 Did the bank have a branch in Panama at that time?

15 Mr. Awani: No.

16 Mr. Blum: When was the branch in Panama opened?

17 Mr. Awani: I think it was opened in 1960.

18 Mr. Blum: How did that arrangement work?

19 Was that done through Mr. Shaik?

20 Mr. Awani: Yes.

21 Mr. Blum: What steps did he take to open the branch in  
22 Panama?

23 Mr. Awani: I'm not entirely aware of what exactly he  
24 did. But I do know that he did visit Panama on a couple of  
25 occasions and had the license to open there.

1 Mr. Blum: How long were you in London?

2 Mr. Awani: With BCCI?

3 Mr. Blum: With BCCI.

4 Mr. Awani: About three years.

5 Mr. Blum: And at the end of the three years, did you  
6 then have a new assignment?

7 Mr. Awani: Yes.

8 Mr. Blum: How did you get that new assignment?

9 Mr. Awani: I requested a transfer out of London.

10 Mr. Blum: What positions were you considered for?

11 Mr. Awani: I understand Zagreb and Panama and another  
12 branch in the U.K.

13 Mr. Blum: And it was your choice, then, to go to  
14 Panama.

15 Is that correct?

16 Mr. Awani: Yes.

17 Mr. Blum: What was your position in Panama?

18 Mr. Awani: In our terminology, we call it "Country  
19 Manager."

20 Mr. Blum: What responsibilities did you have as Country  
21 Manager in Panama?

22 Mr. Awani: Head of the operations in country.

23 Mr. Blum: To whom did you report in that position?

24 Mr. Awani: I reported directly to the central office in  
25 London.

1 Mr. Blum: When you arrived in the bank in Panama, how  
2 many offices did it have?

3 Mr. Awani: I would say about 12 or 15.

4 Mr. Blum: And this was all in Panama City?

5 Mr. Awani: At that time, yes.

6 Mr. Blum: What was the deposit base in the bank at the  
7 time you left?

8 Mr. Awani: I don't quite remember the exact figure.

9 Mr. Blum: Do you have a rough idea, perhaps?

10 Mr. Awani: I would say at the time I left it was around  
11 \$40 million to \$50 million.

12 Mr. Blum: What was the average account in that bank? Do  
13 you have any sense of that?

14 Mr. Awani: It is very difficult to quantify, Mr. Blum,  
15 because there were big accounts and there were small  
16 accounts.

17 Mr. Blum: Who were the customers of the bank?

18 Who came to this bank?

19 Mr. Awani: The trading community in Panama, basically,  
20 plus a few small accounts of individuals, government  
21 employees, and so forth.

22 Mr. Blum: Were there particular reasons why with a  
23 hundred odd banks in Panama BCCI was able to sell its  
24 services there?

25 Mr. Awani: Again, in particular, certain communities were

1 approached by us and we were able to convince them.

2 Mr. Blum: Which were those?

3 Mr. Awan: The Lebanese community, the Jewish community  
4 and the Indian community.

5 Mr. Blum: Did the bank focus principally on deposit  
6 business?

7 Mr. Awan: Deposits and trade finance.

8 Mr. Blum: What sort of trade finance are you talking  
9 about?

10 Mr. Awan: Basically, letters of credit.

11 Mr. Blum: With respect to the deposit business, how can  
12 you have that kind of business without making substantial  
13 amounts of loans?

14 Mr. Awan: We did make loans -- not very substantial  
15 loans. But we used to place our deposits with our Treasury  
16 Department.

17 Mr. Blum: So, for the most part, the bank operation in  
18 Panama, if I am characterizing it correctly, took in deposits  
19 from the depositors and then brought them to London, where  
20 you received a certain interest credit from the Treasury  
21 Department at your bank in London.

22 Mr. Awan: That is correct.

23 Mr. Blum: And that's how you made your income.

24 Mr. Awan: To some extent, yes.

25 Mr. Blum: What was the market?

1 Mr. Awan: One percent.

2 Mr. Blum: One percent on your deposits?

3 Mr. Awan: Yes.

4 Mr. Blum: Was the branch profitable?

5 Mr. Awan: Yes.

6 Mr. Blum: Was the country operation profitable?

7 Mr. Awan: Yes.

8 Mr. Blum: What was your lending authority as the Country  
9 Manager?

10 Mr. Awan: I didn't have a lending authority per se.

11 Mr. Blum: What limits, what were the loan limits for the  
12 bank in Panama before you had to go through various approval  
13 levels?

14 Mr. Awan: We had to have everything approved.

15 Mr. Blum: Everything?

16 Mr. Awan: Yes.

17 Mr. Blum: Who would pass on the loans that you made?

18 Mr. Awan: At that time, I was to refer everything to  
19 London, to our Credit Committee or to the gentleman who was  
20 to liaise with our office. But every loan had to be  
21 approved.

22 Mr. Blum: Was that the case for your entire tenure in  
23 Panama?

24 Mr. Awan: Yes.

25 Mr. Blum: Did there come a time when the responsibility

1 for overseeing the Panamanian branch was shifted to the  
2 United States?

3 Mr. Awan: Yes.

4 Mr. Blum: When was that?

5 Mr. Awan: That was around -- probably the end of 1983 or  
6 early 1984.

7 Mr. Blum: At the time that responsibility was shifted to  
8 the United States, did your reporting shift to the United  
9 States and the credit authority shift to the United States?

10 Mr. Awan: That is correct. Yes.

11 Mr. Blum: Who is the individual in the United States  
12 operation who oversaw your activities in Panama?

13 Mr. Awan: Initially we had Panama became part of our  
14 so-called Caribbean region. The gentleman who was general  
15 manager for that was looking after Panama.

16 Mr. Blum: Who was that?

17 Mr. Awan: His name is Mr. Sakha.

18 Mr. Blum: Did you make efforts to get the account  
19 business and the banking business of the Panamanian Defense  
20 Forces?

21 Mr. Awan: Yes, I did.

22 Mr. Blum: How did you do about doing that?

23 Mr. Awan: My basic contact was with General Noriega, and  
24 I tried to get business from him.

25 Mr. Blum: How did you do about doing that?

1 Mr. Awan: I made an effort to cultivate him. I met with  
2 him several times socially and visited his office, and asked  
3 him to give some of the Defense Forces accounts to us.

4 Mr. Blum: Did he do that?

5 Mr. Awan: Ultimately he did, yes.

6 Mr. Blum: Let me walk through that at the outset.

7 When did he come to you with an account?

8 Mr. Awan: To the best of my recollection, some time in  
9 1982.

10 Mr. Blum: Sometime in 1982.

11 What did he describe the account as?

12 Mr. Awan: He was head of intelligence at the time and  
13 told me that this was a secret account, a secret service  
14 account.

15 Mr. Blum: Who was to have signature authority on this  
16 account?

17 Mr. Awan: He was.

18 Mr. Blum: What were the special instructions that went  
19 with this account?

20 Mr. Awan: The instructions were that only he would  
21 operate the account by verbal or written instructions to me,  
22 and nobody else.

23 Mr. Blum: Were you given any instructions about the  
24 records with respect to this account?

25 Mr. Awan: I was told that the account should be kept in

1 a highly confidential and secret manner.

2 Mr. Blum: Did he fill out any papers to open the  
3 account?

4 Mr. Awani: He did.

5 Mr. Blum: And he gave them to you?

6 Mr. Awani: Yes.

7 Mr. Blum: How was the initial deposit made?

8 Mr. Awani: In cash.

9 Mr. Blum: In cash.

10 How much was it -- do you recall?

11 Mr. Awani: I don't remember the amount, exactly, but it  
12 was substantial.

13 Mr. Blum: Was it several hundred thousand dollars?

14 Mr. Awani: Yes.

15 Mr. Blum: Were there checks in that deposit?

16 Mr. Awani: Not in the first deposit, no.

17 Mr. Blum: Were there checks that came later on?

18 Mr. Awani: Yes.

19 Mr. Blum: What was the total amount that began to build  
20 up in this account?

21 How large did this account become?

22 Mr. Awani: It was a transaction account. It went up and  
23 down. But, again, to the best of my knowledge, it never, the  
24 highest it ever went was in the region of \$20 million -- \$20  
25 million, maybe \$25 million. I'm not quite certain about

1 that.

2 Mr. Blum: Were most of the funds that were put into this  
3 account put in in the form of cash?

4 Mr. Awani: Yes.

5 Mr. Blum: Were any Panamanians aware of this account, or  
6 was that kept away from the Panamanians?

7 Mr. Awani: Within the bank?

8 Mr. Blum: Yes.

9 Mr. Awani: I had been specifically asked not to let any  
10 of my staff know about it.

11 Mr. Blum: What was done with the money in the account?  
12 What instructions did you get for spending the money in  
13 the account?

14 Mr. Awani: Payments to individuals on occasion.

15 Mr. Blum: How would you know that these individuals were  
16 authorized to receive payment?

17 Mr. Awani: I used to get a note signed by General  
18 Noriega, brought by the person himself who had to receive the  
19 funds, and prior to that, I would get a phone call telling me  
20 to expect the person to come in to get those funds.

21 Mr. Blum: Who were the people who were coming to collect  
22 the funds?

23 Mr. Awani: Politicians. This was during the time of the  
24 elections in Panama.

25 Mr. Blum: So, what happened would be you would get a

1 telephone call from General Noriega, he would say to expect a  
2 certain individual would be coming with a note, and to give  
3 him a certain amount of money, and then that person would  
4 come, and you would indeed turn over the money.

5 Mr. Awani: [Nods affirmatively]

6 Mr. Blum: Was the money paid in cash?

7 Mr. Awani: Yes.

8 Mr. Blum: Were there other uses for this account money?

9 Mr. Awani: Yes, sir -- mainly travelling expenses.

10 Mr. Blum: What kinds of travelling expenses are you  
11 talking about?

12 Mr. Awani: Normally, when General Noriega and his staff  
13 used to take official trips overseas, a lot of the expenses  
14 were to be paid from this account.

15 Mr. Blum: How would that work?

16 would they give you the bills and have you pay them?

17 Mr. Awani: At the time I was in Panama, they would either  
18 ask me to arrange for the tickets and pay to the debit of  
19 this account or take cash for expenses, or the bills would  
20 come directly to me.

21 Mr. Blum: The bills would come directly to the bank?

22 Mr. Awani: Yes.

23 Mr. Blum: And when you left Panama, where would they

24 go?

25 Mr. Awani: This continued, when he came to the United

1 States, I used to take care of his expenses here.

2 Mr. Blum: What would happen? Would you get a call to  
3 make the travel arrangements that were necessary?

4 Mr. Awani: Yes.

5 Mr. Blum: Then would you pay those bills?

6 Is that correct?

7 Mr. Awani: I would pay those bills, yes.

8 Mr. Blum: Debit it against his account?

9 Mr. Awani: Correct.

10 Mr. Blum: Were there credit cards that were charged to  
11 this account?

12 Mr. Awani: Yes.

13 Mr. Blum: Whose credit cards were they?

14 Mr. Awani: I had issued credit cards to General Noriega  
15 and his family.

16 Mr. Blum: Who in his family would have had the credit  
17 cards?

18 Mr. Awani: His wife and three daughters.

19 Mr. Blum: And these credit cards were all paid from the  
20 proceeds in the account?

21 Mr. Awani: Correct.

22 Mr. Blum: How was this controlled by General Noriega?

23 Did he supervise the bills that were being paid?

24 Mr. Awani: All of them.

25 Mr. Blum: How did he do that?

1 Mr. Awan: I used to go to him periodically with all the  
2 details of expenses, including credit card expenses. He  
3 would check them and okay them.

4 Mr. Blum: And at that point you would pay them, right?

5 Mr. Awan: Either at that point or I had paid them  
6 before.

7 Mr. Blum: How did you come to meet Enrique Pretelt?

8 Mr. Awan: I think I met him socially for the first  
9 time.

10 Mr. Blum: How did that relationship begin to develop?

11 Mr. Awan: I tried very hard to get his account, which I  
12 couldn't get. That was one of the better accounts, known to  
13 be one of the better accounts in Panama.

14 Mr. Blum: Would you describe Enrique Pretelt's  
15 business?

16 Mr. Awan: He had two large shops at the airport and one  
17 very large shop in Panama City, which was a sort of high  
18 class gift shop -- silver, crystal, watches, jewelry, all  
19 that sort of stuff.

20 When he opened a shop in the Colon Free Zone, he then  
21 gave me the account for that particular business, in Colon,  
22 which was about two years down the road.

23 Mr. Blum: Did he ask you for a line of credit?

24 Mr. Awan: In Colon, yes.

25 Mr. Blum: Did you give him that line of credit?

1 Mr. Awan: I did. Yes.

2 Mr. Blum: How much was it? Do you recall?

3 Mr. Awan: I recollect that it was about \$150,000.

4 Mr. Blum: When did you open an office in the Free Zone?

5 Mr. Awan: We had a license for some time and we, in  
6 order that the license didn't lapse, we opened a very small  
7 office, a one-man, little place -- in fact, before I had  
8 gotten to Panama. It would have been early 1981.

9 But our real office, our big office started there in  
10 1982.

11 Mr. Blum: Would you describe what the Free Zone  
12 operations were about and the kind of business that was being  
13 done there?

14 Mr. Awan: The Colon Free Zone was set up by the  
15 Government of Panama several years ago to take advantage of  
16 the transshipment of goods coming in from all over the  
17 world. Very simply put, it's like one huge bonded warehouse,  
18 with several merchants over there who import goods from  
19 mainly the Far East -- electronics, clothing, everything of  
20 that sort -- consumer goods, which are then transshipped from  
21 there to Colombia, Venezuela, Central America, Brazil,  
22 Paraguay.

23 Mr. Blum: Are the major purchasers of these goods  
24 smugglers?

25 Mr. Awan: Yes and no -- because in some of the Latin



1 American countries it is not legal to bring in these goods,  
2 but in others it is.

3 Mr. Blum: Well, there is a substantial amount of  
4 smuggling, a substantial number of smugglers who buy their  
5 goods in the Colon Free Zone -- is that correct?

6 Mr. Awani: You could say that, yes.

7 Mr. Blum: Were most of these transactions in cash?

8 Mr. Awani: A large number of the transactions in that  
9 place are cash transactions.

10 Mr. Blum: Why are they cash transactions?

11 Mr. Awani: It's a question of currency. Nobody in Colon  
12 would accept any of the Latin American currencies. They  
13 would prefer to accept dollar currencies.

14 Now, if they took a collar check, there were a lot of  
15 stolen checks floating around and there were a lot of forged  
16 checks floating around. Nobody wanted to wait for 30 days  
17 for a check to be cleared, which is why they preferred it to  
18 be in cash.

19 Mr. Blum: What about letters of credit? wouldn't that  
20 be the normal way for which goods like this would be paid?

21 Mr. Awani: Well, they were all import letters of credit,  
22 everything that was imported into the Free Zone. Our  
23 customers were really the importers. That was strictly  
24 import letters of credit.

25 But the way the goods went out of there was not by letter

1 of credit. It was cash.

2 Mr. Blum: It was certainly a cash business going out?

3 Mr. Awani: Right.

4 Mr. Blum: And these goods were shipped to places like  
5 San Andreas Island.

6 Mr. Awani: San Andreas, yes.

7 Mr. Blum: And Colombia and other places?

8 Mr. Awani: Yes, and Micau.

9 Mr. Blum: Who were the people who controlled these  
10 export businesses, the people who were taking the goods from  
11 Panama to the Latin American countries?

12 Were they family businesses?

13 Mr. Awani: Largely family businesses. The bigger groups  
14 are all family controlled groups.

15 Mr. Blum: And from different countries in the region?

16 Mr. Awani: Well, families in the way that there is to be  
17 one brother in Panama, one in San Andreas, one in Micau, one  
18 in Peru, or a cousin or somebody like that. They all knew  
19 each other and they were all interrelated.

20 Mr. Blum: Did there come a time when you met a man named  
21 Belonick?

22 Mr. Awani: Yes.

23 Mr. Blum: How did that come to pass?

24 Mr. Awani: He came to call on me. He wanted to open an  
25 account and he wanted a line of credit.

1 Mr. Blum: How much did he want as a line of credit?

2 Mr. Awan: I don't remember, but something ridiculous  
3 because he didn't want to offer any security for it.

4 Mr. Blum: What did you tell him about that?  
5 what happened when he asked for that money?

6 Mr. Awan: I asked him to leave.

7 Mr. Blum: Did he offer any security at all?

8 Mr. Awan: No.

9 Mr. Blum: Did there come a time when he came in later  
10 with a cash deposit?

11 Mr. Awan: I understand he did. He did come to see me.

12 Mr. Blum: What happened with that account? Are you  
13 aware of any play-out?

14 Mr. Awan: Yes. He did open an account. He put in a  
15 cash deposit, against which he took a loan, a line of credit,  
16 with a substantial margin, of course.

17 Subsequently, he never came back. When it more or less  
18 reached, when the interest amount reached the outstandings,  
19 the loan was adjusted.

20 Mr. Blum: Did you ever see him again?

21 Mr. Awan: I never saw him after that one meeting I had  
22 with him.

23 Mr. Blum: Why would somebody do that?

24 Why would somebody walk into a bank with a large bundle  
25 of cash and then immediately borrow against it and disappear,

1 giving up the interest to the bank?

2 Mr. Awan: In the first place, I don't know whether he  
3 came in with cash. It could have been a bank transfer.

4 but this was a normal type of business in Panama -- a  
5 cash collateralized advance, as we call it.

6 Mr. Blum: Why would somebody do that?

7 What would the purpose be?

8 It would seem to me that if you would want to use your  
9 money, what you would do is to make a deposit and withdraw  
10 the money as you need it, rather than borrow it out and pay  
11 the interest and then let the loan be extinguished by the  
12 deposit.

13 Mr. Awan: I can only conjecture to what his motives  
14 were. But it can be a business-related transaction which is  
15 normal over there.

16 Mr. Blum: Do you have some sense of what sort of  
17 business it might be?

18 Mr. Awan: Inasmuch as there could be a partnership,  
19 there could be various corporations set up; the man does not  
20 want to show his partner that this is his own money that he  
21 is putting up, and that he is taking a loan from a bank. It  
22 could be a third party transaction.

23 Mr. Blum: Isn't it also possible that he is trying to  
24 conceal the source of the funds because they originated in  
25 some sort of shady deal of one kind or another?

1 Mr. Awani: It could be possible.

2 Mr. Blum: When did Belonick make this deposit?

3 Mr. Awani: I don't quite remember, Mr. Blum, but it was  
4 certainly before we had heard about his company or his  
5 aircraft being impounded.

6 Mr. Blum: And the aircraft impoundment you are talking  
7 about related to a company called Inair, is that correct?

8 Mr. Awani: That is correct.

9 Mr. Blum: And that is a cargo airline, of which the  
10 aircraft was impounded in Miami for smuggling, is that  
11 correct?

12 Mr. Awani: Yes.

13 Mr. Blum: When did you meet Cesar Rodriguez?

14 Mr. Awani: I would think late 1982 or mid-1983, something  
15 like that.

16 Mr. Blum: Who introduced you to him?

17 Mr. Awani: Pretelt.

18 Mr. Blum: How did he introduce him?

19 Mr. Awani: As a friend and a business associate.

20 Mr. Blum: What business did Rodriguez want you to become  
21 involved in with him?

22 What were his requests for banking services?

23 Mr. Awani: The first business he wanted us to be involved  
24 in was a limousine business. He was importing several cars  
25 from the U.S.

1 Mr. Blum: Did you finance those cars for him?

2 Mr. Awani: We did. Yes.

3 Mr. Blum: What other projects did he ask you to become  
4 involved in?

5 Mr. Awani: The only other project he directly asked us to  
6 be involved in was a hydroelectric project, somewhere in the  
7 interior of Panama.

8 Mr. Blum: Would you describe the hydroelectric project  
9 in a little detail?

10 Mr. Awani: I didn't know much about it, Mr. Blum, but it  
11 was a project approved by the Panamanian Government and an  
12 Eastern European country was one of the major bidders for  
13 that project.

14 Mr. Blum: Do you recall if it was Poland or Hungary?

15 Mr. Awani: It was either Poland or Romanian. I'm not  
16 quite sure which one it was.

17 Cesar Rodriguez said he had an exclusive contract with  
18 these people. They came and met me several times, and he  
19 said he was in a position to steer this contract towards  
20 them.

21 Mr. Blum: How much money did you advance him to help get  
22 this off the ground?

23 Mr. Awani: For this, it was over \$1 million.

24 Mr. Blum: Were there other advances you had made?

25 Mr. Awani: Yes.

1 Mr. Blum: Was there a project involving a club in Panama  
2 City?

3 Mr. Awani: Not that one, no.

4 We had nothing outstanding against that.

5 Mr. Blum: What was the club project?

6 Can you describe that?

7 Mr. Awani: The club project was a, he wanted to open a  
8 sort of bankers' club in Panama, a private, exclusive club,  
9 in a place where there had been a restaurant before and they  
10 had closed down. But it was a very prominent location.

11 Mr. Blum: Where was that location?

12 Mr. Awani: In downtown Panama, the Bank of Boston  
13 building.

14 Mr. Blum: Was that at the top floor of the building?  
15 Was that the penthouse club?

16 Mr. Awani: That is correct.

17 Mr. Blum: He built the club. Did the club ever open?

18 Mr. Awani: To my knowledge, no.

19 Mr. Blum: Did you know at the time he came in to deal  
20 with you that he was involved in gun running?

21 Mr. Awani: No, sir.

22 Mr. Blum: Did you have any idea that he was involved in  
23 the narcotics business?

24 Mr. Awani: No, sir.

25 Mr. Blum: In addition to the projects we mentioned, did

1 you finance any of his performers coming into the country?

2 Mr. Awani: On occasion I may have. But I don't quite  
3 remember. That was part of his business.

4 Mr. Blum: He was an impresario, is that correct?

5 Mr. Awani: That is correct. Yes.

6 Mr. Blum: And he would bring performers in from other  
7 countries to Panama.

8 Mr. Awani: Yes.

9 Mr. Blum: For various events.

10 Mr. Awani: Yes.

11 Mr. Blum: When the plane crashed, were you then left with  
12 an outstanding sum of money at the bank, that he owed the  
13 bank?

14 Mr. Awani: No, sir.

15 His plane had crashed several years before that. I was  
16 not aware of that situation until much later.

17 Mr. Blum: Or, I'm talking now about when he died in a  
18 plane crash. Was the bank left with, in the hole?

19 Mr. Awani: I was not aware he died in a plane crash.

20 Mr. Blum: I see.

21 Mr. Awani: My understanding is he was killed.

22 Mr. Blum: He was killed. Okay.

23 What were the circumstances of that? Do you know  
24 anything about it?

25 Mr. Awani: Do you mean his death?

1 Mr. Blum: Yes.

2 Mr. Awani: I was not in Panama at the time. I just read  
3 about it in the papers.

4 Mr. Blum: Was the bank left with an outstanding amount?

5 Mr. Awani: Yes.

6 Mr. Blum: What was the amount the bank was left with?

7 Mr. Awani: It was over \$3 million.

8 Mr. Blum: Or Cesar Rodriguez' account?

9 Mr. Awani: Three point five million dollars.

10 Mr. Blum: Have you met Mike Harari?

11 Mr. Awani: Yes, sir.

12 Mr. Blum: Where did you meet him?

13 Mr. Awani: In Panama.

14 Mr. Blum: What was his role in Panama?

15 What was he doing there?

16 Mr. Awani: I knew him as a friend of General Noriega.

17 Mr. Blum: Did you understand that he was the MOSSAD  
18 chief in the region?

19 Mr. Awani: That was what was commonly said.

20 Mr. Blum: When did he come to Panama?

21 Mr. Awani: I have no idea.

22 Mr. Blum: He was there when you arrived, as part of the  
23 scene?

24 Mr. Awani: To my knowledge, he didn't live there. He  
25 used to visit. I had met him at a social gathering at some

1 stage.

2 Mr. Blum: Was it generally understood that he was  
3 involved in the arms trade?

4 Mr. Awani: No, sir.

5 Mr. Blum: Did you come to find out he was involved in  
6 the arms trade?

7 Mr. Awani: No, sir.

8 Mr. Blum: Did there come a time when you became aware of  
9 General Noriega's desire to sell Contadora Island?

10 Mr. Awani: I wouldn't say it was General Noriega, sir. I  
11 was approached by the president of the country.

12 Mr. Blum: Who made the approach to you about Contadora?

13 Mr. Awani: Mr. Delvalle.

14 Mr. Blum: When was that approach made?

15 Mr. Awani: It would have been I would say in 1986, late  
16 1986.

17 Mr. Blum: Where were you at the time?

18 Mr. Awani: In Washington.

19 Mr. Blum: What did he tell you he wanted done?

20 Mr. Awani: He called me up at my house and told me he had  
21 been given my name by General Noriega and whether I could  
22 come and visit him in New York, which I did. He said the  
23 government was interested in selling Contadora, whether I had  
24 any investors or customers who would be interested in buying  
25 it.

1 Mr. Blum: Did you have anyone in mind --

2 Mr. Awani: No, sir.

3 Mr. Blum: -- who you could approach?

4 Mr. Awani: No, sir. Not directly.

5 Mr. Blum: Did you come to take this offer to someone?

6 Mr. Awani: Yes. Ultimately I did.

7 Mr. Blum: Who did you take it to?

8 Mr. Awani: I spoke to several of my colleagues and, at  
9 one stage, I spoke to a Saudi Arabian gentleman called Dr.  
10 Ghalth Pharaon, who expressed an interest to buy it.

11 Mr. Blum: Did Dr. Pharaon make a bid on Contadora  
12 Island?

13 Mr. Awani: They held negotiations and he made an offer.

14 Mr. Blum: What was the amount of his offer?

15 Mr. Awani: To my knowledge, it was \$5.5 million.

16 Mr. Blum: Who ultimately got the island, if you know?

17 Mr. Awani: I understand Mr. Aoki, who owns the Marriott  
18 hotel in Panama.

19 Mr. Blum: Did he pay more than Mr. Pharaon?

20 Mr. Awani: Not to my direct knowledge. No.

21 Mr. Blum: Did you later find out that it was because Mr.  
22 Pharaon was not the high bidder that he lost the purchase?

23 Mr. Awani: Actually no.

24 To my knowledge, Dr. Pharaon pulled out himself.

25 Mr. Blum: Why was this not an attractive proposition

1 from Dr. Pharaon's perspective?

2 Why was the deal not a good one on his face from his  
3 perspective?

4 Mr. Awani: Dr. Pharaon had a special, a specific idea of  
5 what to do with the island. I understand he is a major  
6 shareholder of Club Med. He wanted to turn it into a Club  
7 Med resort.

8 But I think Club Med did not ultimately want to have a  
9 resort there because they had something nearby in Mexico, or  
10 Grenada, or someplace.

11 I understand he withdrew, ultimately.

12 Mr. Blum: Was the hotel in good condition?

13 Mr. Awani: Not in very good condition, no.

14 Mr. Blum: So it would have required substantial  
15 investment in order to improve it?

16 Mr. Awani: Yes, it would have.

17 Mr. Blum: Was Mr. Aoki a good friend of the General's?

18 Mr. Awani: I don't know about that.

19 Mr. Blum: Have you ever met him socially?

20 Mr. Awani: Just once.

21 Mr. Blum: Where was that?

22 Mr. Awani: In Panama.

23 Mr. Blum: At the General's house?

24 Mr. Awani: No. At another function -- I think the  
25 Japanese Ambassador's, or something.

1 Mr. Blum: Did BCCI ever become involved in the arms  
2 trade?

3 Mr. Awan: No, sir.

4 Mr. Blum: Was that a matter of policy?

5 Mr. Awan: Yes, sir.

6 Mr. Blum: Did you ever get approached by people who  
7 wanted you to finance arms deals?

8 Mr. Awan: I did.

9 Mr. Blum: When was that?

10 Mr. Awan: Offhand, I would say in 1982 -- but I can't be  
11 sure about the date. Also several times in London, when I  
12 was in London.

13 Mr. Blum: What sort of arms deals were you asked to  
14 finance?

15 Mr. Awan: Well, it was all sorts of arms deals that we  
16 were asked to serve -- aircraft spares, tank spares, night  
17 vision sights.

18 Mr. Blum: And none of these deals that you were  
19 approached with were ever consummated, is that correct?

20 Mr. Awan: No, they weren't.

21 Mr. Grabow: The answer is that's correct.

22 Mr. Blum: Yes.

23 Mr. Awan: That's correct.

24 Mr. Blum: During the period you were branch manager in  
25 Panama, we had substantial testimony that cash was pouring

1 into the country, that U.S. currency was pouring into the  
2 country from a variety of sources.

3 who was receiving that currency? What banks was it going  
4 into?

5 Mr. Awan: There were over 140 banks in Panama. To some  
6 extent, every bank was receiving these because, to my  
7 knowledge, none of the banks was going to get lost. So there  
8 must have been business in each and every bank.

9 Mr. Blum: Would you describe for us approaches made to  
10 your bank with respect to putting cash in and handling cash.

11 Let me rephrase that.

12 Did there come a time when you were approached by people  
13 who worked for Brinks Corporation, in Panama?

14 Mr. Awan: Yes -- not me directly, but some of my staff  
15 was.

16 Mr. Blum: What did they say when they approached your  
17 staff?

18 Mr. Awan: They said they had large amounts of cash to be  
19 deposited and whether we'd be interested in handling that  
20 cash.

21 Mr. Blum: Would you describe what the Brinks operation  
22 in Panama was.

23 Mr. Awan: I don't know much about it, Mr. Blum. All I  
24 know is it was an armored car, a cash transportation  
25 company.

1 Mr. Blum: What did the people of Brinks want in exchange  
2 for steering that cash deposit business to the bank?

3 Mr. Awan: I have no direct knowledge of what they  
4 wanted, but there was a certain commission that they wanted  
5 for bringing that cash in. I don't know the exact amounts.

6 Mr. Blum: Did BCCI take any of that money from those  
7 people?

8 Mr. Awan: No, sir. No.

9 Mr. Blum: But they were offering these deposits to  
10 bankers who would pay them a commission?

11 Mr. Awan: I understand that. Yes.

12 Mr. Blum: What happened with cash when your bank got  
13 more cash than it needed for its vault?

14 What did you do with that cash?

15 Mr. Awan: Our excess cash was always given to the Banco  
16 Nacional de Panama.

17 Mr. Blum: Did they charge a fee for handling that cash?

18 Mr. Awan: Yes.

19 Mr. Blum: What was the fee that they charged?

20 Mr. Awan: I don't quite remember, but we were charged  
21 twice a year on the amount of cash we had given them, plus  
22 other services they had provided.

23 Mr. Blum: Was this in the neighborhood of 1 percent?

24 Mr. Awan: No. It was somewhat lower than that.

25 Mr. Blum: Did you have a problem with the National bank

1 of Panama in the delivery of cash to them? Did they short  
2 you on the count?

3 Mr. Awan: Yes.

4 Mr. Blum: Was that a regular proposition?

5 Mr. Awan: More or less, yes.

6 Mr. Blum: Can you describe what would happen? You would  
7 go in with a load of money and then what?

8 Mr. Awan: Well, if we went in with a million dollars,  
9 when it was counted, it was not counted immediately, and we'd  
10 get a credit advice after a day or something. And we were  
11 always told, or mostly we were told that it was \$100 short in  
12 a \$1 million shipment.

13 Mr. Blum: So there was always some kind of shortage,  
14 small amounts?

15 Mr. Awan: Small amounts, always, yes.

16 Mr. Blum: And you are certain that this was not your  
17 work?

18 Mr. Awan: No. Our security was pretty tight. We used  
19 to check and counter-check it.

20 Certainly we did not feel that the problem was at our  
21 end.

22 Mr. Blum: Did there come a time when you were in Panama  
23 when the Panamanian Bankers Association became concerned over  
24 the amount of cash that was coming into the country?

25 Mr. Awan: Yes, sir.



1 Mr. Blum: What led to that concern?

2 Mr. Awani: We were told it was pressure from the U.S.  
3 Government.

4 Mr. Blum: What were the discussions among the Panamanian  
5 Bankers Association group?

6 Mr. Awani: It was decided to voluntarily limit the amount  
7 of cash that they would place with the Banco Nacional.

8 Mr. Blum: What kinds of limits were suggested?

9 Mr. Awani: It was a voluntary limit. Every bank decided  
10 voluntarily to set up a specific amount.

11 Mr. Blum: Did any of the banks protest the voluntary  
12 limits in that discussion?

13 Mr. Awani: I understand they did. But I was not present  
14 at the meeting myself.

15 Mr. Blum: Who do you understand protested the voluntary  
16 limits?

17 Mr. Awani: I understand the banks which had a lot of  
18 retail business, like Citibank, Bank of Boston, Barclay's,  
19 Union Bank of Switzerland, the Colombian banks, Banco Union  
20 of Venezuela. I understand these are the banks which  
21 objected.

22 Mr. Blum: Did they abide, ultimately abide by the  
23 voluntary agreement, or do you have any way of knowing?

24 Mr. Awani: I have no way of knowing. But what I do know  
25 is that their limits were fairly high, as compared to ours.

1 Mr. Blum: Did you become aware in talking to other  
2 people that some banks were flying currency from Panama to  
3 other countries?

4 Mr. Awani: Yes, sir. I had heard about it.

5 Mr. Blum: Where was this currency moving to?

6 Mr. Awani: Switzerland.

7 Mr. Blum: So, the money, rather than turning the money  
8 over to the National Bank of Panama, the money was being  
9 flown to Switzerland for further distribution?

10 Mr. Awani: This is what the normal understanding was.

11 Mr. Blum: Do you have any idea how often that money was  
12 being moved out of Panama?

13 Mr. Awani: No.

14 Mr. Blum: Do you know which banks were doing that?

15 Mr. Awani: It was commonly perceived that the Swiss banks  
16 were doing this.

17 Mr. Blum: Which ones?

18 Mr. Awani: UBS and Swiss Bank Corporation.

19 Mr. Blum: Swiss Bank Corporation.

20 When did you leave as head of the Panamanian operation?

21 Mr. Awani: In mid-1984.

22 Mr. Blum: Was there a reason why you left Panama?

23 Mr. Awani: Number one, I had completed my usual tenure of  
24 service in one country, which is approximately three years.

25 Number two, there were certain transactions which took

1 place in the bank for which I got the blame.

2 Mr. Blum: Which transactions were these?

3 Mr. Awani: Specifically, a U.S. Treasury Bill  
4 transaction, or Treasury check transaction, sorry.

5 Mr. Blum: Would you describe that transaction for us?

6 Mr. Awani: We received large quantities of U.S. Treasury  
7 checks from a corporate customer, or a corporation which had  
8 been set up by lawyers known to us in Panama.

9 It turned out that these checks were forged. Ultimately,  
10 we were left holding the can for about \$3.7 million.

11 Mr. Blum: Let me go back through how this corporation  
12 was set up.

13 Is it routine for Panamanian attorneys to come into a  
14 bank and open an account for a corporation?

15 Mr. Awani: Yes, sir.

16 Mr. Blum: Do they ever identify who they are acting on  
17 behalf of?

18 Mr. Awani: No. They don't have any -- they are not  
19 required to by law.

20 Mr. Blum: So, they will set up a corporation and you may  
21 or may not recognize the name. They come into the bank.  
22 They make a deposit of some sort after they open the  
23 account.

24 Is that roughly the way it would work?

25 Mr. Awani: Could you just repeat that, please?

1 Mr. Blum: Well, they come in. They open an account and  
2 they'll make a deposit to that account. But you don't have  
3 any idea, once they've done that, who the principals behind  
4 the account are.

5 Mr. Awani: No.

6 We never know who the beneficial owners of the  
7 corporation are. We base our account opening on the  
8 reputation of the attorneys.

9 Mr. Blum: You, then, wouldn't have very great difficulty  
10 deciding whether the money was coming from a reputable source  
11 or a criminal source or whether there might be a severe  
12 problem with the account.

13 Is that correct?

14 Mr. Awani: We, as I said, based our decision to open the  
15 account on the integrity and reputation of the attorneys  
16 themselves. We made a miscalculation there, then,  
17 obviously.

18 Mr. Blum: And these Treasury checks that came in were  
19 you later learned from where? Who were the principals behind  
20 them?

21 Mr. Awani: There was a gang operating out of the Far East  
22 -- Hong Kong, Singapore, Taiwan.

23 We filed criminal cases. Some of them were arrested. We  
24 recovered some part of the money.

25 Mr. Blum: Where were you transferred to when you left

1 Panama?

2 Mr. Awani: Washington, D. C.

3 Mr. Blum: Where did you work in Washington?

4 What was the operation in Washington?

5 Mr. Awani: We have a representative office over here.

6 Mr. Blum: And the function of that representative office

7 is what?

8 Mr. Awani: Mainly an office to maintain liaison with the  
9 international organizations in Washington, D. C.

10 Mr. Blum: In that role here in Washington, did you  
11 continue your contact with General Noriega?

12 Mr. Awani: Yes, sir.

13 Mr. Blum: How often would he contact you?

14 Mr. Awani: Once every couple of months.

15 Mr. Blum: How did the contact occur?

16 Mr. Awani: Or the telephone.

17 Mr. Blum: You would be called by General Noriega?

18 Mr. Awani: Normally by his secretary.

19 Mr. Blum: His secretary would place a call?

20 Mr. Awani: Yes.

21 Mr. Blum: Had General Noriega asked that you not be  
22 transferred out of Panama?

23 Mr. Awani: I understand he had made a request to the  
24 president of my bank.

25 Mr. Blum: And what did the president of your bank tell

1 him?

2 Mr. Awani: He told him no, I had to move, but I would be  
3 available to him whenever he needed see.

4 Mr. Blum: And that request would have gone to Mr. Abidi,  
5 who was the president at the time?

6 Mr. Awani: Yes, sir.

7 Mr. Blum: Now, when you get these calls, what did you  
8 do? What were the calls asking you to do?

9 Mr. Awani: Usually it was, again, arrangement of travel  
10 programs, which I would do, and, after that, to come over to  
11 Panama to be able to show him the accounts.

12 Mr. Blum: Did you travel to Panama with some frequency  
13 at the time you were here in Washington?

14 Mr. Awani: Yes.

15 Mr. Blum: When did you leave Washington?

16 Mr. Awani: August, 1987.

17 Mr. Blum: And in 1987, where did you go?

18 Mr. Awani: To Miami.

19 Mr. Blum: What was your job in Miami?

20 Mr. Awani: As head of the marketing department for the  
21 region.

22 Mr. Blum: Would you describe what the region  
23 encompassed, what territory?

24 Mr. Awani: The region is called the Latin America and  
25 Caribbean Region Office, based in Miami. It had the

1 administrative office for the three agencies in Florida, the  
2 three branches in Jamaica, one in Nassau, one in Barbados,  
3 two branches in Panama, a representative office in Venezuela,  
4 a subsidiary in Colombia, a branch in Paraguay, a subsidiary  
5 in Uruguay, a subsidiary in Brazil, and a subsidiary in  
6 Argentina.

7 Mr. Blum: Let me start with the Florida agency  
8 operation

9 what does an agency operation do?

10 Mr. Awani: Very briefly put, an agency is authorized to  
11 deal in all off-shore business.

12 Mr. Blum: What is "off-shore business?"

13 Mr. Awani: In other words, we cannot do business with a  
14 resident of the United States. He can't open a checking  
15 account or any sort of account. However, we can finance  
16 them. We can give loans to residents or citizens, and also  
17 handle their import or export business.

18 In addition, we are allowed to open accounts for all  
19 known residents.

20 Mr. Blum: Would it be fair to characterize those  
21 accounts as "flight capital" accounts?

22 Mr. Awani: Yes, sir. The foreign residents accounts,  
23 yes.

24 Mr. Blum: The foreign residents.

25 Mr. Awani: The foreign nationals, yes.

1 Mr. Blum: Who was the person in charge of the Miami  
2 operation?

3 Mr. Awani: Our regional general manager is named Mr. S.  
4 P. Shafi.

5 Mr. Blum: Is he fully knowledgeable about the nature of  
6 the operation?

7 Mr. Awani: He should be.

8 Mr. Blum: He should be.

9 Would it be correct to characterize him as there more as  
10 a favor than as the actual acting top manager, as a favor  
11 that was being granted to him by Mr. Abidi?

12 Mr. Awani: I don't think I'm very competent to comment on  
13 that. But let me just say that he is an older gentleman  
14 who's been with the bank for a long time, who's been with Mr.  
15 Abidi for a long time, but he's hands-on. He's active in  
16 whatever is happening there.

17 Mr. Blum: You now have resigned from the bank, is that  
18 correct?

19 Mr. Awani: Yes, sir.

20 Mr. Grabow: Would you explain that.

21 Mr. Awani: I have taken whatever leave is due to me,  
22 which is three months. So, my resignation should become  
23 effective from about mid-December.

24 So, technically, I am on leave at the moment and,  
25 technically, my resignation has not been accepted yet.

1 Mr. Blum: I want now to turn to asking you a little bit  
2 about the operation of the bank itself.

3 This is a bank which overall operates in, what, 72  
4 countries?

5 Mr. Awam: Yes, sir.

6 Mr. Blum: And most of its business is deposit taking, is  
7 that correct?

8 Mr. Awam: That could be, yes.

9 Mr. Blum: Is that a fair characterization?

10 Mr. Awam: That is fair, yes.

11 Mr. Blum: And from the way you have described it, the  
12 lending authority of country managers is extraordinarily  
13 limited.

14 Mr. Awam: Yes.

15 Mr. Blum: Would it be fair to say that a branch manager  
16 of country manager is actively encouraged to put his money  
17 with the London Treasury operation?

18 Mr. Awam: I think there are two facets to this  
19 question.

20 The bank is basically a deposit oriented bank and a trade  
21 finance related bank.

22 We are allowed to a certain extent to fund our own  
23 letters of credit and trade financing because the profit  
24 margins in that are good. Whatever excess cash is left over,  
25 we are actively encouraged to place with our own treasury.

1 Mr. Blum: If one looks at the bank's balance sheet, one  
2 sees that more than half of the money that the bank has is  
3 put out in the London Interbank Market.

4 Mr. Awam: The London Interbank Market.

5 Mr. Blum: That market is a relatively low return market  
6 in the world of banking, is it not?

7 Mr. Awam: Yes.

8 Mr. Blum: What do you pay your depositors in the way of  
9 interest?

10 Mr. Awam: Market rates.

11 Mr. Blum: Market rates?

12 Mr. Awam: Yes.

13 Mr. Blum: What would the spread normally be between the  
14 London Intertank Market and the market rates you pay  
15 depositors?

16 Mr. Awam: It depends.

17 I wouldn't say there is a hard and fast rule about the  
18 margins there.

19 Mr. Blum: Would you describe them as highly profitable?

20 Mr. Awam: No.

21 Mr. Blum: So, we have a bank that is taking in a large  
22 amount of deposit money, putting it in the London Interbank  
23 Market, and that is not a generally profitable proposition.

24 Where do the bank's profits come from?

25 Mr. Awam: The balance sheet shows the amount of trade

1 financing done, because that is basically a strength of the  
2 bank.

3 So, I would assume, not having any more knowledge about  
4 it, I would assume that the profitability is basically from  
5 the letter of credit business and the commission business.

6 Mr. Blum: Now we have been told, and I would ask you  
7 whether you are aware of it, that a number of banks simply  
8 refuse to do business with BCCI or accept its letters of  
9 credit.

10 Mr. Awani: Yes.

11 Mr. Blum: Why is that? Do you have any idea?

12 Mr. Awani: I would put it down to professional jealousy.

13 Mr. Blum: What are some of the banks that are very  
14 negative on BCCI?

15 Mr. Awani: I wouldn't be able to tell you offhand, but we  
16 do know that there are certain banks we do not have lines  
17 with and we can never get lines from.

18 Mr. Blum: Would Mellon Bank be one of these?

19 Mr. Awani: It could be, yes. I had heard some were --

20 Mr. Blum: Citibank?

21 Mr. Awani: No.

22 Mr. Blum: No.

23 Chase?

24 Mr. Awani: Chase -- we have an on and off relationship  
25 with it.

1 Mr. Blum: The bank has an operation in the Cayman  
2 Islands, is that correct?

3 Mr. Awani: Yes, sir.

4 Mr. Blum: What is the nature of that operation?

5 Mr. Awani: I really don't know the nature. But as far  
6 as I know, Cayman is the head office of one of the major  
7 subsidiaries of the bank.

8 Mr. Blum: Wasn't Cayman Islands part of what you had  
9 sales authority for, marketing authority for?

10 Mr. Awani: No, sir.

11 Mr. Blum: Was it a retail operation or was it simply as  
12 a holding company?

13 Mr. Awani: It is, to my knowledge, a holding company and  
14 a booking center.

15 Mr. Blum: Would you describe for the record what a  
16 "booking center" is?

17 Mr. Awani: Basically, the large transactions of the bank  
18 are parked in places like this for tax reasons.

19 Mr. Blum: So, if someone has a deposit, it might be  
20 parked in the Cayman Islands because there is no income tax  
21 at all in the Cayman Islands?

22 Mr. Awani: I wouldn't say it is necessarily a deposit  
23 situation. It is a transactional situation, because offshore  
24 business is not taxed in Panama.

25 Mr. Blum: So it might be a trade transaction --

1 Mr. Awan: Exactly.

2 Mr. Blum: -- or letter of credit.

3 Mr. Awan: And the proceeds of which would come through

4 --

5 Mr. Blum: Come through the Cayman Islands operation --

6 Mr. Awan: Yes.

7 Mr. Blum: -- principally for tax reasons.

8 Mr. Awan: Correct.

9 Mr. Blum: And the bank's other major subsidiary is based  
10 in Luxembourg, is that correct?

11 Mr. Awan: That's correct, yes.

12 Mr. Blum: Are you aware of the fact that the Luxembourg  
13 bank authorities have suggested that BCCI find another home?

14 Mr. Awan: I had heard rumors to this effect, yes.

15 Mr. Blum: Do you know why that occurred?

16 Mr. Awan: As discussed amongst colleagues, it was said  
17 that the IML, which is the Luxembourg Monetary Institute, had  
18 told the bank that they were not big enough to be able to  
19 monitor the activities of the bank worldwide, and they would  
20 prefer if the bank were to move to a location where they  
21 could be monitored by a central bank.

22 Mr. Blum: So, the bank supervisor authority which  
23 supervises the bank, the principal regulatory authority here,  
24 which would be Luxembourg, is saying this bank is operating  
25 in so many places around the world that we simply would have

1 difficulty, and don't have the capacity to keep an eye on what  
2 the bank is doing and how it is operating?

3 Mr. Awan: Correct.

4 Mr. Blum: Mr. Awan, we had testimony in hearings that  
5 BCCI was given moneys by at least one drug smuggler, Leigh  
6 Ritch's organization, through one of his people, Mr. Kalish,  
7 and the bank money was referred to BCCI by General Noriega's  
8 entourage.

9 Have you read that testimony?

10 Mr. Awan: Yes, I have.

11 Mr. Blum: Do you have any recollection of that  
12 transaction?

13 Mr. Awan: Not in the least.

14 No, sir.

15 Mr. Blum: Is it possible that that transaction  
16 occurred?

17 Mr. Awan: It is possible.

18 Mr. Blum: Did you have accounts from drug smugglers at  
19 the BCCI branch in Panama?

20 Mr. Awan: To the best of my knowledge, not a single  
21 one.

22 Mr. Blum: Were you approached by drug smugglers to  
23 launder their money?

24 Mr. Awan: Not directly.

25 Mr. Blum: Indirectly?

1 Mr. Awani: Indirectly, yes.

2 Mr. Blum: How did those indirect approaches come about?

3 Mr. Awani: Various customers used to inform us of, say, a  
4 good account or a large account or a big sum of money coming  
5 in. We would avoid those, unless we knew exactly what the  
6 business was and who was bringing the account in.

7 Mr. Blum: Who were some of these customers who would  
8 tell you about these?

9 Mr. Awani: I was never directly approach, Mr. Blum. It  
10 was always my staff who was approached.

11 I have never been directly approached.

12 Mr. Blum: So your staff would be approached and they  
13 would know of an opportunity. Would they pass that  
14 information to you?

15 Mr. Awani: They would.

16 Mr. Blum: And you would not avail yourself of that  
17 opportunity?

18 Mr. Awani: Unless the customer was known to us and it was  
19 a legitimate business.

20 Mr. Blum: It was, however, clear to you that this  
21 business was going on all around you in Panama?

22 Mr. Awani: I wouldn't say that it was clear that it was  
23 going around all around, but there was a certain awareness  
24 that some of the funds were unclean funds, as we call them.

25 Mr. Blum: In your role as the marketing manager, were

1 you aware of the activities of the subsidiary of the bank in  
2 Colombia?

3 Mr. Awani: Could we just rephrase that question.

4 Mr. Blum: In your role as marketing manager in Miami,  
5 were you aware of the operations of the subsidiary in  
6 Colombia?

7 Mr. Awani: Yes, sir -- to a limited extent.

8 Mr. Blum: Were there approaches made to the Colombian  
9 operation by people in the narcotics business to launder  
10 money?

11 Mr. Awani: To my knowledge, no.

12 Mr. Blum: Not at all?

13 Mr. Awani: [Nods negatively]

14 Mr. Blum: Were there approaches made to the people in  
15 the Colombian operation not necessarily to launder drug money  
16 but to take deposits from people who were engaged in the  
17 narcotics trade?

18 Mr. Awani: Again, to my knowledge, no. But, Mr. Blum,  
19 the Colombian operation, the way it is set up is that we, in  
20 Miami, had no direct administrative responsibility. It was  
21 a subsidiary. We were aware of their overall balance sheet  
22 and so forth and their credit party, but the day-to-day  
23 running was not known to us.

24 Mr. Blum: In your efforts to market the business of the  
25 bank in Colombia, did you ever encounter people who were in



1 the narcotics trade looking for a place to put their money or  
2 invest their money?

3 Mr. Awani: Yes.

4 We were always aware of these people and we made a  
5 distinct effort to avoid them.

6 Mr. Blum: Did they ever make an approach to you?

7 Mr. Awani: Not to me, sir, never.

8 Mr. Blum: Were any referred to you by someone else that  
9 you had had a conversation with and said no, go away.

10 Mr. Awani: Never to me, again.

11 Mr. Blum: Never to you?

12 Mr. Awani: Not to me, no.

13 Mr. Blum: Who would they have approached or talked to?

14 Mr. Awani: They would have approached our representative  
15 in Bogota.

16 Mr. Blum: Who was the most likely person in the Bogota  
17 operation that would have been approached?

18 Mr. Awani: Any one of the officers there.

19 Mr. Blum: Any one of the officers at the bank.

20 Did the bank take money or take deposit money from people  
21 who were basically very wealthy individuals --

22 Mr. Awani: Yes.

23 Mr. Blum: -- large accounts?

24 Mr. Awani: Yes.

25 Mr. Blum: Were these deposits all dollar deposits?

1 Mr. Awani: Mainly dollar deposits.

2 Mr. Blum: Mainly dollar deposits?

3 Mr. Awani: Yes. There were other currencies, too, but  
4 mainly dollars.

5 Mr. Grabow: Are you talking about Colombia now?

6 Mr. Blum: I'm talking about Colombia, but also  
7 generally, in your region.

8 Mr. Awani: Generally.

9 Mr. Blum: So, the business of the bank is taking dollar  
10 deposits from people in the region, for the most part.

11 Would it be fair to describe the people who were  
12 interested in dollar deposits as ones who were wanting the  
13 money not in their own currency, trying to perhaps avoid  
14 either the currency restrictions or the tax laws of their own  
15 countries?

16 Mr. Awani: I would say, sir, that the majority of these  
17 funds were not kept for these reasons, but they were kept as  
18 a hedge against inflation and political instability.

19 Mr. Blum: Would it be fair to characterize it as flight  
20 capital, in a broad sense?

21 Mr. Awani: Yes, it would.

22 Mr. Blum: Were these accounts always booked in the  
23 countries where they were made or would they be booked in  
24 other places?

25 Mr. Awani: They would be booked where the deposit was.

1 placed.

2 Mr. Blum: So, if someone came in and opened an account  
3 in Colombia, that was always booked in Colombia, or would it,  
4 perhaps, at the depositor's request be booked elsewhere?

5 Mr. Awan: The account would not really be opened in  
6 Colombia.

7 What would happen is somebody would go and meet and  
8 individual who was known to have money and persuade him to  
9 open an account with the bank.

10 Now, the account would normally be opened either in  
11 Miami, or in London, or in wherever. So, it was not booked  
12 in Colombia, as such. It would be booked whether the money  
13 was in Florida, or in London, or wherever. That's where the  
14 ultimate booking goes.

15 Mr. Blum: So, what would happen would be you would do a  
16 sales presentation to someone in Columbia and he's talking  
17 about placing dollar deposits and the conversation then is  
18 well, we can open an account for you in London, New York --

19 Mr. Awan: Exactly.

20 Mr. Blum: Miami, wherever.

21 Mr. Awan: Right.

22 Mr. Blum: And we'll maintain and take care of that  
23 account for you, and that really does not appear as a  
24 Colombian account, even though the nationality of the owner  
25 is Colombian.

1 Mr. Awan: It appears as a Colombian account because in  
2 our computer classification, the country of origin is  
3 Colombia.

4 Mr. Blum: In other words, the bank's records will show  
5 that the depositor is of Colombian nationality?

6 Mr. Awan: That is correct. I misunderstood your  
7 question, because it is taken as a deposit of Miami or London  
8 or wherever, but it is classified as a Colombian deposit.

9 Mr. Blum: As a Colombian deposit, but in Miami, or  
10 London, or wherever.

11 Mr. Awan: Correct.

12 Mr. Blum: So, what we're looking at here is a system for  
13 people in these countries to put their money in major banking  
14 centers in dollar denominated deposits.

15 Mr. Awan: Right. Right.

16 Mr. Blum: Would it be fair to say that most of this  
17 business is currently to wealthy individuals?

18 Mr. Awan: That is correct.

19 Mr. Blum: And is a considerable portion of the rest of  
20 the bank's business governmental?

21 Mr. Awan: A large proportion is, yes.

22 Mr. Blum: What governments were closely tied to the  
23 bank? Where were you most successful in getting government  
24 business in Latin America?

25 Mr. Awan: In Latin America and the Caribbean, we deal

1 with 18 central banks. So I would say we are reasonable  
2 successful in 18 countries.

3 Mr. Blum: Did you have a particularly good relationship  
4 with the Bolivian Government?

5 Mr. Awani: No. In fact, we had no relationship with the  
6 Bolivian Government until very recently.

7 Mr. Blum: Is that a recent development?

8 Mr. Awani: Very recent, indeed.

9 Mr. Blum: How did that relationship develop?

10 Mr. Awani: We had been calling on the central bank. This  
11 particular relationship developed because of a loan we got  
12 from the World Bank and, against a World Bank guarantee, we  
13 made a loan to them. In return, they have now made  
14 placements with us of their reserves.

15 Mr. Blum: I'd like to turn to some travel records which  
16 were furnished to us pursuant to the Committee subpoena.

17 We have given you a set of those documents and I'm going  
18 to pass this out to the Court reporter.

19 Mr. Grabow: These were furnished by the bank?

20 Mr. Blum: These were furnished by the bank as  
21 travel-related.

22 We understand -- first of all, have you had a chance to  
23 take a look at these documents?

24 Mr. Awani: Yes.

25 Mr. Blum: Are these a complete set of your travel

1 records?

2 Mr. Awani: No, sir, they are not.

3 Mr. Blum: They are not?

4 Mr. Awani: No.

5 Mr. Blum: What is not included in these travel records?

6 Mr. Awani: I understand you had required records from the  
7 first of January, 1984. I was not in this country at that  
8 time. I was in Panama, and those records are not available  
9 with me.

10 These should be starting from around July or August,  
11 1984, which I see is correct, and they go on to May or June,  
12 1987.

13 In other words, the records from my period in Miami are  
14 not here.

15 Mr. Blum: So we have some additional records to ask  
16 for?

17 Mr. Awani: Right.

18 Mr. Blum: I'd like you to look at these records and go  
19 through them with me so we can perhaps recall what these  
20 trips would be about.

21 The first is a trip to New York, August 3, 1984.

22 Mr. Awani: Yes, sir.

23 Mr. Blum: Do you have any recollection of what that was  
24 in collection with?

25 Mr. Awani: Off-hand, I can't say. But in all probability

Awan Exhibit A  
9/30/88

WASHINGTON REPRESENTATIVE OFFICE  
BANK OF CREDIT AND COMMERCE INTERNATIONAL  
SOCIETE ANONYME  
1667 K STREET, N.W.  
WASHINGTON, D.C. 20005

X  
OR

Travelling

8-3-1984

DEBIT



CONFIDENTIAL

PARTICULARS		
PA to MR ANTONO AWAN	497	31
RE TRIP TO NEWYORK details attached	/	/
CK # 1002	/	/
Dollars four hundred ninety seven and 3/100	/	/
	497	31

Authorized Signatures

1 It was to meet with General Noriega.

2 Mr. Blum: It shows that you stayed at the Heimsley  
3 Palace Hotel. There is a bill for the Heimsley Palace.

4 Is that where General Noriega normally stayed in New  
5 York?

6 Mr. Awan: That's where he normally stayed. That's where  
7 I've been staying for many years.

8 Mr. Blum: You don't recall specifically whether General  
9 Noriega was on that trip?

10 Mr. Awan: Specifically, I would not be able to recall.  
11 No.

12 Mr. Blum: Okay.

13 Now you have for August 13 a bill -- this is August 13,  
14 1984 -- a travel record for a trip to Panama.

15 Mr. Awan: Yes, sir.

16 Mr. Blum: Do you recall that trip at all?

17 Mr. Awan: It was one of several trips I made to Panama.

18 Mr. Blum: I'd like you to turn in particular to an  
19 airline ticket that is part of that reference. You will see  
20 that it says there is an excess baggage charge.

21 What was the excess baggage that you were carrying?

22 Mr. Awan: No, that's not an excess baggage charge.

23 Mr. Blum: It says "Other. Explain."

24 It's not? Is that just a ticket charge?

25 Mr. Awan: That's probably an upgrading from an economy

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 OVERSEAS LTD  
 1667 K STREET, N.W.  
 WASHINGTON, D.C. 20005

4  
 2

Travelling

8-13-1984

DEBIT



CONFIDENTIAL

PARTICULARS		
Pa to Mr AMJAN AWAN	774	00
Re trip to PANAMA.	/	/
(C 102)	/	/
Dollars Seven hundred seventy four only	774	00

Authorized Signatures

1 class to a first class ticket.

2 Mr. Blum: I see.

3 was there a bank policy about flying first class or  
 4 tourist?

5 Mr. Awan: It's a flexible policy.

6 Mr. Blum: Flexible.

7 what happened on that trip to Panama? Do you have any  
 8 recollection?

9 Mr. Awan: I can't recall any specific trips, Mr. Blum.

10 Mr. Blum: You assume that on this trip you would have  
 11 seen General Noriega?

12 Mr. Awan: Yes.

13 Mr. Blum: In 1984.

14 Now, this is a period, in 1984, when we've had testimony,  
 15 that there was enormous activity going on vis-a-vis, first of  
 16 all, Panamanian politics and, second of all, the drug  
 17 cartel.

18 Did any of this come up in the trips to Panama in 1984?

19 Did you hear about the allegations made with respect to  
 20 General Noriega at that time?

21 Mr. Awan: No, sir.

22 Mr. Blum: Were you aware of the raid that took place on  
 23 the cocaine facility?

24 Mr. Awan: Yes. I read about that.

25 Mr. Blum: You read about that. Where, here or there?

1 Mr. Awani: In fact, I was in London at the time. I read  
2 about it in London.

3 Mr. Blum: Did you ever talk to General Noriega about  
4 it?

5 Mr. Awani: No, sir.

6 Mr. Blum: It never came up?

7 Mr. Awani: No.

8 Mr. Blum: In another trip to Panama, you travelled on  
9 8/13, and then there's one on the sixth of September to  
10 Panama.

11 Mr. Awani: Yes, sir.

12 Mr. Blum: Do you have any recollection of what that was  
13 about?

14 Mr. Awani: The same thing, Mr. Blum. I normally used to  
15 go down to meet with General Noriega, because I have no  
16 specific work to be done over there, normally in response to  
17 his request to come down.

18 Mr. Blum: Then we have a trip for a visit to Panama on  
19 the ninth through the 13th of October. So you are now moving  
20 down there during this period monthly. That's pretty  
21 frequent.

22 Mr. Awani: Yes, sir.

23 Mr. Blum: I'm looking at the debit for the bank marked  
24 "October 19," and it says "expenditure incurred on visit to  
25 Panama," ninth through 13th of October.

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SOCIETE ANONYME  
1667 K STREET, N.W.  
WASHINGTON, D.C. 20005

9-6-1984

Traveling

DEBIT



PARTICULARS			
Po to Amgen Awani		176	00
Re Travelling to Panama			
Chk # (1077)			
Dollars One thousand four hundred and seventy six dollars			
		176	00

Head as in

Authorized Signature

Expenditure incurred on visit to Panama & Miami, 2nd to 4<sup>th</sup> Sept. 1984.

Airline tickets :	\$ 1385.00
Airport Taxes :	15.00
Taxis :	60.00

CONFIDENTIAL

TOTAL.

\$1,476.00

*[Signature]*  
9/5/84

MR ANTON AWAN

Do to Amy A

to Amy to Base

(Travelling)

1 Mr. Awan: Yes, I have that.

2 Mr. Blum: That would be an October trip.

3 Mr. Awan: Correct.

4 Mr. Blum: The next one is another ticket to Panama, and  
5 this is dated 30th of October, I assume for a trip that is in  
6 November.

7 Mr. Awan: Right.

8 Mr. Blum: So there is a further trip in November.

9 We've got you now once a month, practically, going down  
10 there --

11 Mr. Awan: Correct.

12 Mr. Blum: -- to visit.

13 And each of these times you would have met with General  
14 Noriega?

15 Mr. Awan: I presume so. Yes.

16 Mr. Blum: And the nature of the meeting, again, was  
17 showing him the balances in the account?

18 Mr. Awan: Yes, and the debits made.

19 Mr. Blum: Any other kinds of discussions?

20 You know, there's a lot happening here. You have a new  
21 president coming and going in Panama. You have, I guess, an  
22 election; the election was complete, but the problem of  
23 President Barletta was very much on the table. There were  
24 many things happening here.

25 No conversation about any of those events?

Expenditure incurred on visit to Panama, 9<sup>th</sup> to 13<sup>th</sup> October

Airport taxes: \$ 18.00  
 Taxi: \$ 80.00  
 Meals: \$ 80.90

Total: \$ 178.90

*[Signature]*  
 10.19.84

TRANSVIEW TRAVELS, INC.  
 1003 K STREET, N.W.  
 SUITE 210  
 WASHINGTON, D.C. 20001

Nº 816

(202) 737-4480



TO: MR. A. AWAN  
 c/o BCCI

DATE 10/30/84

REF: -

QUANTITY	NAME	TICKET NUMBER	AMOUNT (NET)	AMOUNT (GROSS)
1	AWAN / A. MR.	007-7702-265 OKS	1476.00 22.44	1498.44
		DUE	1498.44	

(Please Pay on Receipt)

Deposit Date \_\_\_\_\_

By \_\_\_\_\_

Signature \_\_\_\_\_

(Manager)



Expenses incurred on visit to New York, 4<sup>th</sup> & 5<sup>th</sup> December 1984

Taxis:	\$ 98.00
Air fare:	\$ 150.00
Meals:	\$ 36.00
Hotel:	\$ 235.74

TOTAL: \$ 519.74

*[Signature]*  
12/6

1 Mr. Awant: No, sir.

2 Mr. Blum: Was that because it's unwise for bankers to  
3 discuss politics?

4 Mr. Awant: Well, I never wanted to hear anything and I  
5 didn't ask.

6 Mr. Blum: Then there is a trip to New York on the fourth  
7 and fifth of December, 1984.

8 Do you recall anything about that?

9 Mr. Awant: Again, I must admit that I cannot recall any  
10 specific trip. But the majority of my trips to New York  
11 were, again, to meet with him. They could have been, some of  
12 them, for other business, with other customers. But I would  
13 say the majority would have been to meet with him.

14 Mr. Blum: To meet with General Noriega.

15 Now, what would General Noriega be doing in New York?  
16 What was his normal reason?

17 Mr. Awant: Usually in transit to and from Europe.

18 Mr. Blum: So, he'd be in transit from New York to  
19 Europe. You'd fly up and you'd meet him in New York.  
20 What would he do in New York when you get him there?

21 Mr. Awant: Not much. We'd go out for dinner. That's  
22 about it. Stayed at the hotel, mainly.

23 Mr. Blum: Again, we've got a visit to New York, 26-29,  
24 January, 1985. Any recollection at all of what was going on  
25 then?

Expenditure incurred by during visit to New York, 24/29 Jan. 1985.

Hotel:	\$ 641.59
Air fare:	\$ 150.00
Taxi:	\$ 56.00
Meals:	\$ 152.57
Misc.:	\$ 100.00
	<hr/>
	\$ 1,100.16

*[Signature]*  
1/24/85

*The Helmsley Palace*

NEW YORK  
455 Madison Avenue  
New York, New York 10022  
(212) 688-7000

AMAN, MR. A BANK OF CREDIT/COMMERCE 7401 HELMDALE RD BETHESDA, MD 20817	ROOM PRICE NO. PERIOD 1481 POLIC 190.00 PAGE 1 ARRIVAL 111602 DEPART. 01 DEPOSIT 01/28/85
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DATE	NO.	DESCRIPTION	AMOUNT
1985			
JAN28	301 02055 20	VALET	11.00
JAN28	131 12879 01	HARRY'S	84.84
JAN28	011 01411 00	ROOM CHG	190.00
JAN28	011 01411 00	ROOM TAX	15.67
JAN28	011 01411 00	CTY OCC TX	2.00
JAN29	211 00687 99	L. DISTANCE	3.82
JAN29	141 30903 27	ROOM SERV	18.78
JAN29	211 00199 99	L. DISTANCE	2.93
JAN29	211 00112 20	L. DISTANCE	4.43
JAN29	211 00708 99	L. DISTANCE	2.24
JAN29	211 00864 99	L. DISTANCE	2.51
JAN29	301 04786 25	VALET	11.00
JAN29	211 00148 20	L. DISTANCE	11.73
JAN29	011 01411 00	ROOM CHG	190.00
JAN29	011 01411 00	ROOM TAX	15.67
JAN29	011 01411 00	CTY OCC TX	2.00
JAN30	211 00160 18	L. DISTANCE	9.14
JAN30	211 00007 18	L. DISTANCE	41.57
JAN30	141 31075 27	ROOM SERV	18.24
		TOTAL-DUE	1100.16

3713 819488 51006	AX
12/84 THRU 12/85	641 59
ANJAD AWAN	1 30 85
THE HELMSLEY 02310006060CB 6310127618AX 60370499NV	641 59

1 Mr. Awani: The same, Mr. Blum.

2 Mr. Blum: The same.

3 Now, the bank here was paying for your travel up to meet  
4 General Noriega. I take it the bank considered that an  
5 overhead expense because he was such a good customer?

6 Mr. Awani: Yes, sir.

7 Mr. Blum: A visit to Panama and Miami, again, February  
8 15, 1985.

9 Mr. Awani: Yes.

10 Mr. Blum: Any recollection at all?

11 Does anything at all stand out in these trips?

12 [Pause]

13 Mr. Blum: This was a trip from the eighth to 12th of  
14 February, 1985.

15 Mr. Awani: Right.

16 Mr. Blum: Tren Mascherano, again.

17 You're meeting with him practically once a month.

18 Mr. Awani: Yes.

19 Mr. Blum: How would you characterize your relationship  
20 with General Noriega? As friendly?

21 Mr. Awani: Yes.

22 Mr. Blum: Close friends?

23 Mr. Awani: Friendly.

24 Mr. Blum: Would you consider him to be a close personal  
25 friend, as close as he gets with anyone?

WASHINGTON REPRESENTATIVE OFFICE  
BANK OF CREDIT AND COMMERCE INTERNATIONAL  
SOCIETE ANONYME  
1647 K STREET, N.W.  
WASHINGTON, D.C. 20005

Expenses to Traveling

02-05-1985

DEBIT



PARTICULARS

Paid to Mr. Mascherano	1100/16
Re Mascherano visit date 2/15/85	
CR # 1554	
Dollar Co. Travel on credit and 1/15/85	
	1100/16

*[Signature]*

Authorized Signature

## TRANSVIEW TRAVELS, INC.

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WASHINGTON, DC 20001  
TEL (202) 737-4480  
A Complete Travel Service

MR. AMJAD AWAN  
c/o  
B. C. C. I., WASHINGTON, D.C.

No. 1083

TRAVEL DATE	MAR 29, 1980
TRAVEL TYPE	
TRAVEL CLASS	TW
TRAVEL CLASS	NET
TRAVEL CLASS	
TRAVEL CLASS	

QUANTITY	DESCRIPTION	PRICE	AMOUNT
1	0078422814719 AWAN/A MR WAS/MIA/PSY/MIA/WAS DUC Mr. Waati R. pay Adj	TAX \$148.	147

1 How would you characterize your relationship?

2 Mr. Awan: First of all, it was a banker-customer  
3 relationship. But, apart from that, I think it was a  
4 friendly relationship.

5 Mr. Blum: Would he call you whenever he came to town?  
6 Did you expect him to?

7 Mr. Awan: I certainly would expect him to.

8 Mr. Awan: How would you characterize his behavior and  
9 his personality? You've heard the testimony and read the  
10 testimony of many of the witnesses who have described a  
11 rather flamboyant lifestyle.

12 How do you characterize his lifestyle?

13 Mr. Awan: Flamboyant -- to the extent that he liked to  
14 eat well and drink well, and that's about it.

15 Mr. Blum: We've had testimony about plane loads of  
16 prostitutes being flown to Panama, rather wild parties at one  
17 time or another at one place or another.

18 How does that square with your experience with him?

19 Mr. Awan: Absolutely not. I never saw anything to even  
20 remotely suggest that situation. No.

21 Mr. Blum: Is it possible that he thought it  
22 inappropriate to invite his banker to that sort of party --

23 Mr. Awan: Could have been.

24 Mr. Blum: -- and that this was the kind of party he  
25 reserved for other people?

1 Mr. Awani: It's possible.

2 Mr. Blum: There is a trip here, I assume it was not  
3 Noriega-connected, in February-March of 1985,  
4 Miami-London-Vienna-Paris? Or is that Noriega-connected?

5 Mr. Awani: No. That's not Noriega-connected.

6 Mr. Blum: What was that trip for, do you recall?

7 Mr. Awani: Yes. That was the annual marketing conference  
8 of the bank in Vienna, and I think I had some business in  
9 Miami before that.

10 Mr. Blum: We've got another visit to Panama again in  
11 April of 1985.

12 Mr. Awani: Yes, sir.

13 Mr. Blum: Do you have any recollection of that trip?

14 Mr. Awani: As I said before, Mr. Blum, it's quite  
15 impossible for me to recollect the individual trips.

16 Mr. Blum: New York, on May 3? Is there anything there?

17 [No response]

18 Mr. Blum: Let me ask another question.

19 We have had testimony that General Noriega flew to  
20 Washington on a number of occasions to meet with different  
21 people here.

22 Were you aware of any of those trips?

23 Mr. Awani: One of them, yes.

24 Mr. Blum: One of them.

25 Which one was that?

1 Mr. Awani: That was the time he came to address the  
2 Inter-American Defense College.

3 Mr. Blum: And that would have been when -- in 1986?

4 Mr. Awani: I can't be sure about the date. I assume it  
5 was either 1985 or 1986.

6 Mr. Blum: Well, let me try to refresh your  
7 recollection. Was it before or after the "New York Times"  
8 ran the stories about Noriega's involvement in drug running.

9 Mr. Awani: In fact, the day he landed at Andrews Air  
10 Base, that was the day the "New York Times" carried the major  
11 story, that very day.

12 Mr. Blum: That would have been June 12 or 13, 1986,  
13 something like that.

14 Mr. Awani: I don't recollect the date. But, as I said,  
15 that was the date the "New York Times" article appeared.

16 Mr. Blum: Were you surprised by the "New York Times"  
17 article?

18 Mr. Awani: I certainly was.

19 Mr. Blum: Did you discuss it with him?

20 Mr. Awani: Yes, I did.

21 Mr. Blum: What did he say?

22 Mr. Awani: He was upset about it.

23 Mr. Blum: I gather so. But did he say anything more?

24 Mr. Awani: No.

25 Mr. Blum: He didn't say this is complete lies?

1 Mr. Awani: Yes, that, of course, he did.

2 Mr. Blum: That, of course, he said.

3 Mr. Awani: Yes, of course.

4 Mr. Blum: But you didn't say well, what about this  
5 allegation or what about that allegation?

6 Mr. Awani: No. Obviously I didn't ask him those  
7 questions. No.

8 Mr. Crabcw: That's your job.

9 [General laughter]

10 Mr. Blum: Again, perhaps it was not diplomatic for his  
11 barker to be asking those questions.

12 Mr. Awani: Do you mind if I take a break for a  
13 cigarette?

14 Mr. Blum: No.

15 In fact, let's take a ten minute break at this point.

16 Mr. Awani: Thank you.

17 [A brief recess was taken.]

18 Mr. Blum: We're ready to resume.

19 I will remind the witness that he continues to be under  
20 oath.

21 There is a question which I did not ask earlier, which I  
22 will ask now, which is how was the bank's relationship with  
23 General Noriega ended?

24 When did that account that we discussed earlier close?

25 Mr. Awani: I am not aware of the exact dates of the

1 termination of the account.

2 Mr. Blum: Would it have been this year?

3 Mr. Awani: Yes.

4 Mr. Blum: When, approximately?

5 Mr. Awani: As far as I recollect, I had a communication  
6 from him sometime in the early part of this year to close the  
7 account.

8 Mr. Blum: Was it before or after the hearings that we  
9 held in February?

10 Mr. Awani: It was around the same time, I think.

11 Mr. Blum: Around the same time.

12 Was it soon after the hearings?

13 Mr. Awani: It could have been soon after or just before.  
14 But I'm not, again, 100 percent sure of that.

15 Mr. Blum: What was the nature of that communication?

16 Mr. Awani: I received a telephone call.

17 Mr. Blum: Who from?

18 Mr. Awani: From his daughter.

19 Mr. Blum: What were the instructions?

20 Mr. Awani: The instructions were that the account should  
21 be closed.

22 Mr. Blum: Were there instructions as to where the money  
23 should be sent?

24 Mr. Awani: No. I was not told that.

25 I told her that we required notification in writing from

1 him.

2 Mr. Blum: Where was that notification to be sent? Did  
3 you tell her where to send it?

4 Mr. Awam: To London.

5 Mr. Blum: Did you subsequently learn that the  
6 notification had come?

7 Mr. Awam: I learned that they had received a letter,  
8 yes.

9 Mr. Blum: That they had received a letter.

10 Mr. Awam: Yes.

11 Mr. Blum: And that the account was closed?

12 Mr. Awam: I was not told directly, but I assumed that  
13 the account was closed.

14 Mr. Blum: Did you have contact with General Noriega  
15 after that account was closed?

16 Mr. Awam: Yes. Not direct contact, but, again, I have  
17 been receiving messages from him.

18 Mr. Blum: What was the nature of the contact after the  
19 account was closed?

20 What messages did you get?

21 Mr. Awam: Several messages, some just asking how I was,  
22 how everything was, when I was going to come down to Panama.  
23 On several occasions, I was asked to come down to Panama.

24 Mr. Blum: He wanted you to come down to Panama?

25 Mr. Awam: Yes.

1 Mr. Blum: Even though the account was closed?

2 Mr. Awam: Right.

3 Mr. Blum: Do you have any idea why?

4 Mr. Awam: In relation to the account, I presume.

5 Mr. Blum: Even though by then the account presumably was  
6 closed?

7 Mr. Awam: Presumably was closed. Yes.

8 Mr. Grabow: I think there may be other conversations  
9 afterward. I will let him describe those.

10 Mr. Blum: Okay.

11 Would you go on and fill us in on those conversations.

12 Mr. Awam: Yes.

13 There were also messages I got that there is a hearing  
14 going on, messages I got that subpoenas have been served on  
15 the bank and presumably on myself, and I hope everything is  
16 all right, and you won't divulge much about this account.

17 These I got, at least five of these messages.

18 Mr. Blum: In other words, General Noriega was aware that  
19 the Committee had voted to serve subpoenas on the bank --

20 Mr. Awam: Yes, sir.

21 Mr. Blum: -- and was aware that the Committee had voted  
22 to subpoena you.

23 Mr. Awam: I understood, yes.

24 Mr. Blum: And he sent messages to you about keeping the  
25 account confidential?

1 Mr. Awani: That is correct.

2 Mr. Blum: Was there a threat implicit in those  
3 messages?

4 Mr. Awani: To my mind, yes. But, obviously, it wasn't  
5 phrased that way.

6 Mr. Blum: It wasn't put you in that way.

7 Did you talk to him again after that account closing,  
8 after February of 1968?

9 Mr. Awani: I think I spoke to him on one occasion, yes.

10 Mr. Blum: Or one occasion.

11 When would that have been.

12 Mr. Grabow: I don't think his testimony was that it was  
13 February.

14 Mr. Blum: February, March, whenever.

15 When was the one occasion when you talked to him?

16 Mr. Awani: Again, I don't recollect, but it must have  
17 been about maybe the middle of the year.

18 Mr. Blum: The middle of the year. So we're in June,  
19 somewhere around there, perhaps?

20 Mr. Awani: Right.

21 Mr. Blum: A telephone conversation?

22 Mr. Awani: A telephone conversation.

23 Mr. Grabow: I don't think his testimony was February or  
24 March. It was that it was early in the year and he wasn't  
25 sure if it was before or after the hearings were held.

1 Mr. Blum: Right. The hearings were in February.

2 Mr. Grabow: His testimony speaks for itself, but I think  
3 he was not clear whether it was before or after that, just to  
4 clarify.

5 Mr. Blum: We are reasonably clear about the  
6 uncertainty.

7 I would like to return to that telephone conversation.

8 What did he say? What happened in that last  
9 conversation?

10 Mr. Awani: He didn't say much. As far as I recollect, he  
11 just asked me how I was, how the family was, is everything  
12 okay, and I asked him how everything was, and he said I just  
13 wanted to talk to you and see how you were. And that's about  
14 it.

15 Mr. Blum: By now you've seen a tremendous unfolding of  
16 rather dramatic events in Panama. He's in a kind of state of  
17 siege. There are two governments in Panama. The United  
18 States is actively after him.

19 Was any of this discussed?

20 Mr. Awani: No, sir. Just a very cursory conversation  
21 about things being all right, under control, something like  
22 that.

23 Mr. Blum: Which is what he said?

24 Mr. Awani: Right.

25 Mr. Blum: I'd like to go back to these travel records.



1 There is a record here of a trip to Miami around the 31st  
2 of April or May, the 31st of May, 1985; and a trip to Los  
3 Angeles.

4 Do you recall what that was about? Did that have  
5 anything to do with General Noriega?

6 Los Angeles -- June 4th and 5th. Miami -- 31st May and  
7 first of June.

8 Do you see the records I am referring to?

9 The invoice is dated 6/10/85.

10 Mr. Awani: Okay.

11 Yes. The Los Angeles trip was to meet with General  
12 Noriega.

13 Mr. Blum: What was he doing in Los Angeles?

14 Mr. Awani: He was on his way to Taiwan.

15 Mr. Blum: En route to Taiwan?

16 Mr. Awani: Right.

17 Mr. Blum: What did you do with him in Los Angeles?

18 Mr. Awani: I met with him and handed over tickets for  
19 himself and his delegation.

20 Mr. Blum: For the trip on to Taiwan?

21 Mr. Awani: For the trip onwards, he had come on his own  
22 aircraft and he was taking a commercial flight from there  
23 on.

24 Mr. Blum: Did you go out with him? Did you visit any  
25 tourist sites?

1 Mr. Awani: I recollect that we went out shopping to one  
2 of the malls near the hotel, and that was about it. We may  
3 have gone out for dinner, but I can't quite remember that.

4 Mr. Blum: The next in that stack of travel vouchers is  
5 an invoice from Transview Travel for \$5,700, Transview being  
6 in Chicago.

7 What is that about?

8 Mr. Awani: No. The Transview was here in Washington.

9 Mr. Blum: Okay. The invoice says Chicago.

10 Transview is in Washington?

11 Mr. Awani: Yes, it's in Washington.

12 This is -- we're allowed to have what we call "home  
13 leave" once every two years by the bank. The bank pays the  
14 fair for my family and myself to go to our place of origin,  
15 whatever you may call it. This pertains to that because this  
16 is for my wife and my children.

17 Mr. Blum: Okay.

18 Another visit to New York was on the 22nd of July.

19 Is that Noriega again?

20 Mr. Awani: In all probability, sir.

21 Mr. Blum: And then on the 25th, down to Panama. On the  
22 29th of July, 1985. The invoice is 8/5.

23 Mr. Awani: This may well have been a normal business  
24 visit to New York, the 22nd July one. I'm not quite sure  
25 because there were some normal --

1 Mr. Blum: Ncn-Noriega visits, as well?

2 Mr. Awani: Ncn-Noriega, that's right. The Panama one is  
3 definitely Ncriega-related.

4 Mr. Blum: The Panama one is Noriega-related?

5 Mr. Awani: Yes, sir.

6 Mr. Blum: Tren September, again to Panama, or August and  
7 then September?

8 Mr. Awani: Right.

9 Mr. Blum: And then the end of September, back up to New  
10 York. Is that Ncriega as well?

11 Mr. Awani: Probably, yes.

12 Mr. Blum: And then November, to Miami. Is that straight  
13 business?

14 Mr. Awani: Miami was just normal business.

15 Mr. Blum: Another one in November to Miami. Was that  
16 normal business?

17 Mr. Awani: Normal business.

18 Mr. Blum: And a visit to Chicago, 11/22. What was  
19 that? Was that Noriega?

20 Mr. Awani: No.

21 That was bank business. This was the opening of our  
22 representative office in Chicago.

23 Mr. Blum: And then December, 1965, New York, again.

24 Can you identify that one as Noriega?

25 Mr. Awani: No, sir. I cannot identify it. As I said,

1 It's either Noriega or normal business. It could have been  
2 either of them.

3 Mr. Blum: That could have been either.

4 Now, there is another Los Angeles one. This is January,  
5 1966. Is that Ncriega?

6 Mr. Awani: No, sir. This was a business trip.

7 Mr. Blum: This was a straight-forward business trip?

8 Mr. Awani: Let me just check. One of the two was a  
9 straight-forward business trip. I don't know. I don't  
10 remember which one it was.

11 Yes, this one was.

12 Mr. Blum: That was a straight-forward business trip?

13 Mr. Awani: That was business.

14 Mr. Blum: December 12, there is a fifth and sixth  
15 December -- okay, that is the same trip.

16 Mr. Awani: Let me see. I can't see that hotel.

17 Yes, this was a business trip also.

18 Mr. Blum: That is also a business trip?

19 Mr. Awani: Yes.

20 Mr. Blum: What was the nature of it? Do you recall?  
21 Was that just soliciting customers?

22 Mr. Awani: I was working on a deal with Northrop  
23 Corporation.

24 Mr. Blum: And then we are back into March, 1966,  
25 Panama. That appears to be a Panama-related trip?

1 Mr. Awani: That is the first to the sixth of April.

2 Mr. Blum: There are a number of December, 1986 trips as  
3 well.

4 There is a December 22 voucher for the 19th and 21st of  
5 December.

6 Mr. Awani: Right.

7 Mr. Blum: You went down to Panama.

8 Mr. Awani: Right.

9 Mr. Blum: Now, there were a number of people coming and  
10 going at the time. This was a period where I think by then  
11 the excursions had begun, had they not?

12 Mr. Awani: That is correct.

13 Mr. Blum: There were real troubles in Panama and real  
14 difficulties.

15 Mr. Awani: That particular trip was a business trip,  
16 though, the December one.

17 Mr. Blum: That was a business trip in December?

18 Mr. Awani: Yes.

19 Mr. Blum: December, 1986, again you had a New York  
20 trip.

21 Did he come up to New York then?

22 Mr. Awani: No.

23 Mr. Blum: In January, another New York trip. Was that  
24 for Norfolk?

25 Mr. Awani: As far as I recollect, after the Los Angeles

1 trip, he did not come back to the U.S.

2 Mr. Blum: He did not come back to the U.S.

3 Mr. Awani: So those trips of mine are probably all normal  
4 business trips.

5 Mr. Blum: There is one trip here that takes you to  
6 Panama City, Florida.

7 Mr. Awani: Which one is that, sir?

8 Mr. Blum: This is very strange. It's dated February 11,  
9 1987.

10 Am I misreading the ticket?

11 Mr. Awani: One of them showed me going to Pamplona in  
12 Spain, which is also incorrect.

13 Mr. Blum: It's an Eastern Airlines ticket, on the back.

14 Mr. Awani: What's the date?

15 Mr. Blum: It's February 11, a travel voucher.

16 Mr. Awani: Yes, that is incorrect. It's Panama City,  
17 Panama.

18 Mr. Blum: Panama City, Panama.

19 It's Eastern.

20 Mr. Awani: Correct.

21 Mr. Blum: And then March of 1987. This is up to New  
22 York, and you have said that he didn't come back to New  
23 York.

24 Mr. Awani: Let me see.

25 Mr. Blum: Richmond-Baltimore-Woanoke-Washington.

1 Mr. Awan: That was a business trip.

2 Mr. Blum: A business trip.

3 New York in March, 1987 -- that's also a business trip,  
4 is it?

5 Mr. Awan: Let me just see if I can presume here. Yes, a  
6 normal business trip.

7 Mr. Blum: So, once we get into 1987, he is not visiting  
8 the United States again.

9 Mr. Awan: I don't think so. No.

10 Yes, these are all day trips. I didn't stay overnight.  
11 So definitely these are not related to him.

12 Mr. Blum: Did you accompany him on the trip to  
13 Washington, when he came up to New York and you came down to  
14 Washington with him?

15 Is that correct?

16 Mr. Awan: Yes.

17 Mr. Blum: This is just as the Hensch article was  
18 appearing in the "New York Times."

19 Mr. Awan: That is correct. Yes.

20 Mr. Blum: What was his purpose in coming down to  
21 Washington?

22 Mr. Awan: To address the Inter-American Defense  
23 College.

24 Mr. Blum: Did you fly down with him on his private  
25 plane?

1 Mr. Awan: That's correct.

2 Mr. Blum: Where did you land?

3 Mr. Awan: Andrews Air Base.

4 Mr. Blum: Who was with him on that trip?

5 Mr. Awan: Several colonels from the Panamanian Army.

6 Mr. Blum: Was this a usual travelling entourage? Did he  
7 travel with a large group like this?

8 Mr. Awan: It was more or less the usual official  
9 entourage.

10 Mr. Blum: Were there any people from the diplomatic  
11 service who were travelling with him at the time?

12 Mr. Awan: Not to my knowledge. I didn't know anyone in  
13 there.

14 Mr. Blum: Did you stay with him during this period down  
15 there?

16 Mr. Awan: No.

17 I used to live in Washington, so I came back to my own  
18 house.

19 Mr. Blum: So you were, at that time, in 1986, you were  
20 living in Washington, and you simply went home?

21 Mr. Awan: That's right.

22 Mr. Blum: Did he meet with any government officials on  
23 that trip, do you know?

24 Mr. Awan: I was only with him during the ceremony at the  
25 Defense College and at the air base.

1 Mr. Blum: Who greeted him at the air base, at Andrews?

2 Mr. Awan: I don't know who it was, but it was normal  
3 protocol.

4 Mr. Blum: Do you know if he met with any government  
5 officials?

6 Mr. Awan: Not directly, no, sir.

7 Mr. Blum: Did you want to ask some questions, Dr.  
8 Lucler?

9 Dr. Lucler: Yes, Jack.

10 I would just like to try to clarify some of the  
11 chronology here.

12 Mr. Grabow: Excuse me, but you are the Minority Chief  
13 Counsel?

14 Mr. Blum: This is the Minority Chief of Staff.

15 Mr. Grabow: Chief of Staff. Thank you.

16 Dr. Lucler: Now, my understanding is that the bank's  
17 account was closed in February of 1968. Is that what was  
18 testified to?

19 Mr. Awan: I'm not aware of the date, sir.

20 Dr. Lucler: I'm sorry?

21 Mr. Awan: I am not aware of the date.

22 Dr. Lucler: But at what time, then, did you testify that  
23 you talked to him on the telephone and he asked for  
24 confidentiality in the affairs of the account?

25 Mr. Awan: The understanding was that there would be

1 confidentiality at all times, from the time the account was  
2 opened, from Day One.

3 Dr. Lucler: Yes, and that's the normal policy of the  
4 bank?

5 Mr. Awan: Well, it is for -- it is, but, in this  
6 particular case, it was stressed by him again and again, that  
7 this has to be kept totally confidential.

8 Dr. Lucler: At what time was this conversation, this  
9 telephone conversation?

10 Mr. Awan: About the closing of the account?

11 Dr. Lucler: About the confidentiality.

12 Mr. Awan: Right at the time the account was opened, from  
13 inception.

14 Dr. Lucler: Fine.

15 But I understood you to say that you had a final  
16 conversation with him on the telephone.

17 Mr. Awan: Yes, sir.

18 Dr. Lucler: At what time did that occur?

19 Mr. Awan: I recollect it was around June or July of this  
20 year.

21 Dr. Lucler: Of 1968.

22 And you know approximately the time the account was  
23 closed?

24 Mr. Awan: At that particular stage -- now this was a  
25 conversation with his daughter, earlier on, who asked for the

1 account to be closed, on his behalf.

2 Dr. Lucler: I see.

3 Mr. Awani: I had told her that we need written  
4 notification to this effect.

5 Dr. Lucler: What was the date of that?

6 Mr. Awani: That was early in the year, maybe around  
7 January, February, March, something like that.

8 Dr. Lucler: Do you recall the time when General Noriega  
9 was indicted by the U.S. Attorney?

10 Mr. Awani: Yes, sir.

11 Dr. Lucler: When was that?

12 Mr. Awani: I assume it was late 1987.

13 Dr. Lucler: So, the request to close the account follows  
14 shortly upon the indictment?

15 Mr. Awani: It was after that. Yes.

16 Dr. Lucler: Now, in the conversation with his daughter,  
17 or subsequently, was there ever any connection made between  
18 the indictment and the desire to close the account?

19 Mr. Awani: No, sir. There was no direct communication to  
20 me. But the assumption was, that was my personal assumption,  
21 that he wants it closed for whatever reason.

22 Dr. Lucler: On another matter, these more or less  
23 worthy trips that Mr. Blum discussed with you, seeing  
24 General Noriega, did you carry with you on these trips to  
25 discuss with him any bank papers, records of the account,

1 receipts, things of that nature?

2 Mr. Awani: No, sir.

3 I only carried the hotel bills, airline bills, VISA card  
4 charges, but no statements of accounts, as such.

5 Dr. Lucler: Did you carry to him anything of value?

6 Mr. Awani: No, sir.

7 Dr. Lucler: Thank you.

8 Ms. Albert: I have just one quick question.

9 If you didn't carry any bank documents with you on any of  
10 these trips and you were meeting with him to discuss his  
11 debits and his accounts and what his balances were, did you  
12 memorize the figures? I mean, how did you know what to tell  
13 him?

14 Mr. Awani: I didn't, in fact, discuss his balances. I  
15 used to just discuss the debits. He wanted receipts of --  
16 when I told him that this month we debited \$50,000 to your  
17 account, he wanted to know what that \$50,000 consisted of.  
18 So, it was basically the airline bills, hotel bills, VISA  
19 card debits. I mean, VISA card statements you could construe  
20 as bank documents. That was the extent of it. There were no  
21 statements of accounts, no.

22 Dr. Blum: So you would carry with you the actual bills  
23 that had been incurred.

24 Mr. Awani: Yes, sir.

25 Mr. Blum: Now it is my understanding that there are some

1 documents of that variety in your possession.

2 Mr. Awani: Yes.

3 Mr. Blum: Do you have them with you here this morning?

4 Mr. Awani: Yes.

5 Mr. Blum: May we have them, please.

6 Mr. Grabow: I just want to clarify one thing before we  
7 provide the documents, the stipulation that we talked about,  
8 that we will be provided a written memorialization of the  
9 stipulation in which it is understood that they will be kept  
10 confidential as if they were provided in closed session, that  
11 we would be given notice if that changes, and, to the extent  
12 the bank enters into any other kinds of agreements with you,  
13 they would be applied to the documents as well.

14 Mr. Blum: Yes.

15 Mr. Grabow: Okay.

16 Do you want the copy of the originals?

17 Mr. Blum: Let's take a look at the originals.

18 [A brief recess was taken.]

19 Mr. Blum: I would like to go back on the record at this  
20 point.

21 In looking through the documents that you have provided  
22 the Committee, there are a number of American Express  
23 receipts. Would you take a look at those and tell us whose  
24 receipts they are, and who signed them? These are the bank  
25 stubs and the three-part American Express forms.

1 Whose signature is on those?

2 Mr. Awani: These are mine, actually. The card is mine,  
3 but the signature is not mine.

4 The first one is -- okay. Now, this particular trip,  
5 everything was charged to my credit card. So I, in fact, got  
6 into L.A. before they did, checked them all in, and had to  
7 give my credit card as the card which it was going to be  
8 charged to.

9 It's possible that this was one of the people who had,  
10 when he checked out, he just signed the card, but it was  
11 debited to my credit card.

12 There is one there which has no signature.

13 Some of them are signed by me.

14 This says "called in by phone." This was a limousine.

15 This is signed by me.

16 This is Aguilera, which is one of the colonels, and it  
17 says "signature on file."

18 Another one is signed by me.

19 Mr. Blum: I'd be very nervous with an American Express  
20 card that had that much signature authority.

21 Mr. Awani: Well, they reimbursed me on production of  
22 these receipts.

23 Mr. Blum: A number of the other bills were directed to  
24 someone at the New York office.

25 Mr. Awani: Yes, sir.

1 Mr. Blum: A Hourig Messerlian.

2 who is that?

3 Mr. Awani: That's right, and she is our protocol officer  
4 at the New York office. We get a corporate discount at the  
5 Helmsley Palace. If I were to call in myself, I would not  
6 get it. This was an arrangement with our New York office,  
7 which is why every time I wanted a reservation, I used to  
8 call her up.

9 They used to then directly bill the bank, which is how we  
10 used to get the corporate discount.

11 Mr. Blum: So, that was simply an accommodation and that  
12 person was in charge of what? I'm not familiar with the  
13 function of a protocol officer of a bank.

14 Mr. Awani: Well, she is in charge of looking after  
15 customers' guests, payments, VIPs, reservations.

16 Mr. Blum: Was that a usual thing for the bank to do?

17 Mr. Awani: Oh, yes.

18 Mr. Blum: Frequently important customers would visit New  
19 York --

20 Mr. Awani: Yes, sir.

21 Mr. Blum: -- and the bank would provide what kinds of  
22 services? Hotels? Limousines?

23 Mr. Awani: Hotels, limousines, reservations, theater  
24 tickets, schools, hospitals.

25 Mr. Blum: In other words, a full range of personal

1 services for these customers?

2 Mr. Awani: That is correct.

3 Mr. Blum: I'm going to show you a clipping from the  
4 "Chicago Tribune" dated September 5, 1986 -- I would like to  
5 have it later marked as an exhibit -- regarding money  
6 laundering arrests at the bank in Chicago.

7 Are you familiar with that?

8 Mr. Awani: I had heard about this case, yes.

9 Mr. Blum: Do you know either of the gentlemen who were  
10 involved in it?

11 Mr. Awani: No, sir.

12 Mr. Blum: This is not the only time that CCCI was  
13 involved in that sort of investigation. There are two other  
14 clippings that I would like to pass to you, and, again, we  
15 will have them marked as exhibits.

16 The first one is from the Indian newspaper called, I  
17 believe, "Blitz."

18 Mr. Awani: It's a well-known newspaper there.

19 Mr. Blum: Are you familiar with that?

20 Mr. Awani: Yes, sir. This was circulated in the bank.

21 Mr. Blum: And a second one from a Kenyan newspaper in  
22 Nairobi. It says "Bank linked with drug syndicate."

23 what were these about?

24 Mr. Crabow: Shall we start with the first one?

25 Mr. Blum: Why don't we start with the first one, which



1 was the Chicago incident.

2 What did you hear about that from the bank?

3 Mr. Awani: We heard that there was a local staff member  
4 of the bank -- I think he was a clerk at the bank -- who had  
5 been arrested on charges of accepting large amounts of cash  
6 and making Cashier's Checks out for those.

7 Mr. Blum: Was there an internal investigation at the  
8 bank? Was there any statement of policy about that?

9 Mr. Awani: Yes, sir.

10 Mr. Blum: What happened?

11 Mr. Awani: I'm not aware of what happened.

12 Mr. Blum: Were you passed a memo or was there any  
13 further discussion?

14 Mr. Awani: Well, certainly memos were passed through our  
15 offices in the U.S. But what happened about that particular  
16 investigation, I don't know.

17 Mr. Blum: And these other two, was there any discussion  
18 of these in the bank?

19 Mr. Awani: The Kenya one, yes.

20 The India one -- this was passed around all over the bank  
21 as something which was taken as more political than anything  
22 else.

23 Mr. Blum: The Indian one was political because of the  
24 Pakistani base of the bank?

25 Mr. Awani: That's correct.

1 Mr. Blum: And the Indians were unhappy.

2 Mr. Awani: Right.

3 Mr. Blum: But the bank does operate in India.

4 Mr. Awani: We have one branch, in Bombay.

5 Mr. Blum: That must be a reasonably tense relationship.

6 Mr. Awani: The staff there is all Indian, but it is  
7 construed to be a Pakistani bank.

8 This is not the only article that "Blitz" has  
9 published.

10 Mr. Blum: They have run a series of articles?

11 Mr. Awani: A series of articles connected with the  
12 Pakistani nuclear program and said that CCI is funding that  
13 and various things of that sort.

14 Dr. Lucler: Excuse me, Jack.

15 Mr. Blum: Yes.

16 Dr. Lucler: Did I understand you to say that the  
17 stockholders were all Indian?

18 Mr. Awani: No, sir. The staff in the Bombay branch is  
19 all Indian.

20 Dr. Lucler: Oh, the staff. I beg your pardon.

21 Mr. Blum: Now, the article about Kenya, was there any  
22 discussion of that one inside the bank?

23 Mr. Awani: Well, informal discussions. There was no  
24 circular passed. Nothing like that.

25 Mr. Blum: Is the principal problem there that there were

1 currency violations and the Kenyans were going after the bank  
2 for, in effect, helping people get around the currency  
3 violations?

4 Mr. Awani: From what I have heard -- and this may not be  
5 correct -- from what I have heard, there was one customer who  
6 had contravened the foreign exchange laws of Kenya and did  
7 not send back some of the export proceeds, the foreign  
8 exchange earned from the coffee exports. An inquiry was  
9 initiated and a manager was arrested and jailed for three or  
10 four days, and subsequently released, and charges against the  
11 bank were dropped by the government.

12 Mr. Blum: So, this came to nothing, in fact?

13 Mr. Awani: No. The man, the gentleman is still there,  
14 the rest of the staff is still there, and the charges have  
15 been withdrawn, to the best of my knowledge.

16 Mr. Blum: Why did BCCI auditors, one of the groups of  
17 auditors, quit approximately a year ago, do you know?

18 Mr. Awani: I am not aware why they quit.

19 Mr. Blum: Was there any discussion inside the bank? Did  
20 you hear rumors about it?

21 Mr. Awani: What we heard was that we did not require two  
22 major auditors. In the past, Ernst and Whinney and Price  
23 Waterhouse were both our auditors.

24 Mr. Blum: And the one that left was?

25 Mr. Awani: Was Ernst and Whinney.

1 The story we heard at our level was that Ernst and  
2 Whinney was not represented in several of the countries where  
3 we operated and Price Waterhouse was. So they decided to  
4 rationalize the situation and just keep Price Waterhouse.

5 Mr. Blum: And keep only one auditor, which was Price  
6 Waterhouse.

7 Mr. Awani: Correct.

8 Mr. Blum: And that has been a satisfactory  
9 relationship.

10 Mr. Awani: Yes.

11 Mr. Blum: Now we have also heard reports that there were  
12 difficulties inside the bank with capitalization, that there  
13 were a series of loans made by shareholders against various  
14 deposits to provide the bank with the balance sheet  
15 capitalization.

16 Have you heard of those reports?

17 Mr. Awani: No, sir. I am not aware of that situation.

18 Mr. Blum: Not aware of them at all.

19 What about the identity of the shareholders of the bank?  
20 Who are those? Who are the shareholders?

21 Mr. Awani: There is a published list of shareholders. I  
22 have not seen the latest list.

23 But it is available.

24 Mr. Blum: To your recollection, who are the principals  
25 on the bank?

1 Mr. Awan: Presently, the largest single shareholder is a  
2 Saudi.

3 Mr. Blum: Who is?

4 Mr. Awan: I don't know whether the holding is in the  
5 family name or the name of their organization, which is the  
6 National Commercial Bank of Saudi Arabia, which is the  
7 largest bank.

8 Mr. Blum: Who is the family?

9 Mr. Awan: The family name is the Bin Mahfooz family.

10 Mr. Blum: Who are the other shareholders?

11 Mr. Awan: The other shareholders who come immediately to  
12 mind, amongst the major shareholders, are the ruling families  
13 of Abu Dhabi, Dubai, Qatar, certain Kuwaitis, not the ruling  
14 family, but rich Kuwaitis, Saudis, other Saudis.

15 Mr. Blum: Is Kemal Adham one of those Saudis?

16 Mr. Awan: Kemal Adham is not a major shareholder. I  
17 understand he is a shareholder, but not major.

18 Mr. Blum: And Ghath Pharaon was a shareholder but is no  
19 longer?

20 Mr. Awan: He himself has pulled out, but his brother  
21 still is a shareholder.

22 Mr. Blum: Any other shareholders of significance?

23 Mr. Awan: Those are the prominent names.

24 Mr. Blum: I'd like to go back over the relationship that  
25 you had with General Nuriega. It obviously went on for a

1 period from 1979, 1980, and 1981, when you first met him in  
2 London in 1979 or 1980, to almost last June.

3 This is a period in which you talked to him fairly  
4 frequently, you visited him, you were a guest at his home.

5 Mr. Awan: Yes.

6 Mr. Blum: And during this period, all kinds of things  
7 were happened. There were political changes in Panama of  
8 enormous significance, repeated stories of gun running,  
9 drugs, all kinds of things.

10 And you say that in the course of that entire  
11 relationship, you have not discussed gun running with him?

12 Mr. Awan: No, sir.

13 Mr. Blum: You have not discussed narcotics dealing with  
14 him?

15 Mr. Awan: No, sir.

16 Mr. Blum: You have not discussed money laundering with  
17 him?

18 Mr. Awan: No, sir.

19 Mr. Blum: You have not discussed the political situation  
20 in Panama as it relates to these issues?

21 Mr. Awan: Not in any detail.

22 Mr. Blum: Not in any detail.

23 Mr. Awan: A passing remark here or there, but not in any  
24 detail.

25 Mr. Blum: Not in detail.

1 And, in the course of your stint, your management of a  
2 branch of a bank in Panama from 1981 to 1984, you never were  
3 involved in the laundering of any U.S. money for drugs, is  
4 that correct?

5 Mr. Awan: Absolutely not.

6 Mr. Blum: And subsequently, on your return to the United  
7 States, you've never been involved in the laundering of drug  
8 money.

9 Is that correct?

10 Mr. Awan: That is correct.

11 Mr. Blum: And you've not heard of this going on inside  
12 your bank?

13 Mr. Awan: That is correct, sir. We try to avoid as much  
14 as we can any contact with these individuals.

15 Mr. Blum: And, to your knowledge, the testimony of the  
16 people who said they were referred to your bank and  
17 established an account relationship would be correct, but  
18 that was not a matter that came to your attention -- this is  
19 Mr. Kallish and Mr. Ritch, that we are talking about?

20 Mr. Awan: I do not recollect having seen any of these  
21 gentlemen.

22 Mr. Blum: But it's possible that they would have  
23 established an account through an attorney in Panama who  
24 walked in?

25 Mr. Awan: Yes.

1 Mr. Blum: How much cash business would the branch in  
2 Panama do? What was the amount of cash you would hold in the  
3 vault?

4 Mr. Awan: Sorry?

5 Mr. Blum: What were the vault's cash amounts for the  
6 bank in Panama?

7 Mr. Awan: I think our cash in-vault limit was \$2.5  
8 million.

9 Mr. Blum: It was \$2.5 million.

10 Mr. Awan: Yes.

11 Mr. Blum: How often did you go over the \$2.5 million?  
12 What would the gross returns of the bank of the National  
13 Bank of Panama look like in the course of the year?

14 Mr. Awan: In those days, maybe \$20 million, \$25 million,  
15 maybe \$20 million -- possibly less, for both branches.

16 Mr. Blum: And most of that cash you would say was coming  
17 from trace in the Colon Free Zone?

18 Mr. Awan: The vast majority was, yes.

19 Mr. Blum: Let me go back to the Colon Free Zone.

20 The people operating in the Colon Free Zone, did that  
21 include any Cubans?

22 Was there a Cuban company operating in the Colon Free  
23 Zone?

24 Mr. Awan: To my knowledge, there was no Cuban company in  
25 the Colon Free Zone.

1 Mr. Blum: Were you aware of Cuban operations in Panama,  
2 trading operators in Panama?

3 Mr. Awam: I had heard of a trading company, a  
4 Cuban-owned trading company in Panama City.

5 Mr. Blum: How did you hear about that?

6 Mr. Awam: It was common knowledge in the banking  
7 community.

8 Mr. Blum: What were they doing? What were the Cubans  
9 doing?

10 Mr. Awam: Basically running the embargo. They used to  
11 import from the United States into Panama and transship it.

12 Mr. Blum: Transship it to Cuba?

13 Mr. Awam: Yes.

14 Mr. Blum: What kinds of things were moving through that  
15 company?

16 Mr. Awam: I don't know the business of that company. I  
17 had never had any dealings with them.

18 I didn't know who ran that company, so I am not aware of  
19 it.

20 Mr. Blum: Did you have occasion through your customers  
21 to hear about what kind of business it was?

22 Mr. Awam: I had customers who dealt with Cuba, but that  
23 was not related to the Cuban company.

24 Mr. Blum: Not related to the Cuban company that was  
25 running the embargo?

1 Mr. Awam: No.

2 Mr. Blum: Were your customers running the embargo?

3 Mr. Awam: I couldn't say.

4 I do know that they were taking orders from Cuba and  
5 shipping things from them.

6 Mr. Blum: Were they U.S. goods?

7 Mr. Awam: They were U.S. goods, Far Eastern goods, they  
8 were European goods.

9 Mr. Blum: A variety of goods?

10 Mr. Awam: Yes.

11 Mr. Blum: How was the cash moved around Panama? You  
12 mentioned that there was Brinks, an armored car company.

13 Was that the only armored car company?

14 Mr. Awam: To my knowledge, that was the only one.

15 Mr. Blum: And otherwise banks felt perfectly safe moving  
16 cash from their branches?

17 How did you do that? Would you describe that, please?

18 Mr. Awam: One of our bank cars would take the cash and  
19 there'd be two officers and a teller who would take to the  
20 Banco Nacional.

21 Mr. Blum: And that was considered to be perfectly safe.

22 Mr. Awam: That's what most of the banks did.

23 Mr. Blum: There would be robbery running around.

24 I would observe that it sounds considerably safer than  
25 New York, where only a madman would load several million

1 dollars in the truck of a car and drive to the Fed.

2 Mr. Awani: Panama was an amazingly safe country. There  
3 was not much crime in the streets, sir.

4 Dr. Luciers: May I ask a couple of questions.

5 Mr. Blum: So ahead, please.

6 Dr. Luciers: There are a couple of questions here, just  
7 to understand the daily operations.

8 I think you testified earlier that your main interest was  
9 in deposits, correct?

10 Mr. Awani: Yes, sir.

11 Mr. Luciers: Was there a minimum deposit or a minimum  
12 account balance required of your customers?

13 Mr. Awani: Not really, no.

14 Dr. Luciers: And later on, you were Marketing Director  
15 for the Caribbean and Latin America.

16 Mr. Awani: When I was based in Miami, yes.

17 Dr. Luciers: When you were based in Miami.

18 What was the marketing strategy? What customer base were  
19 you seeking? Were you just seeking anybody to walk in off  
20 the street and deposit \$50, or were you seeking a special  
21 group of clientele?

22 Mr. Awani: Certainly a special group of clientele.

23 Dr. Luciers: What were the criteria for that group?

24 Mr. Awani: We used to look for somebody who had a  
25 discernible amount of \$50,000 and above.

1 These were what in our terminology we called high net  
2 worth individuals. We would actively seek these people out  
3 and offer them the services of the bank.

4 Dr. Luciers: What would you offer them? You were paying  
5 market rates in interest. What could you offer them that  
6 they could not get at, say, Citibank or elsewhere?

7 Mr. Awani: In a word, service. Service.

8 We offered them a better service than any of the major  
9 banks did.

10 Dr. Luciers: I see. Do you mean in terms of financial  
11 service or are these additional services, such as you  
12 provided General Noriega?

13 Mr. Awani: Additional services, personalized services. A  
14 man had an officer he could talk to, he could relate to, he  
15 could call up to take care of all his problems, if he wanted  
16 to buy a house, if he wanted his kids in school, or something  
17 like that. We offered a face-to-face contact with our  
18 marketing officers, which the bigger banks don't normally  
19 do.

20 Dr. Luciers: So, the kind of banking office that you  
21 provided was not the sort where people lined up in front of  
22 tellers but was a much more direct, personalized thing?

23 Mr. Awani: That is correct.

24 I would also like to say at this stage that most of these  
25 funds which came in to us were transferred from other U.S.

1 banks. The funds were already in the United States. They  
2 weren't coming out of Trinidad or Colombia or places like  
3 that.

4 These were funds already with Citibank or some bank or  
5 something. These were transfers within the U.S.

6 Dr. Lucler: Thank you.

7 Mr. Blum: We've seen but not received copies, pursuant  
8 to the subpoena, we are discussing, we have received copies  
9 of the information we asked for, some of the deposit records  
10 of the three agencies in the United States -- Tampa, Miami  
11 and Boca.

12 Mr. Awam: Yes.

13 Mr. Blum: There are a large number of accounts in these  
14 agencies with very low balances. And in the United States,  
15 that would be something that no bank would tolerate. They  
16 would start sending you bills for that sort of account  
17 balance.

18 Why is that?

19 Why would the bank accept customers who leave under \$100  
20 in an account?

21 Mr. Awam: Our experience has shown, Mr. Blum, that on  
22 many occasions, the customer is testing you out. This is a  
23 bank which he doesn't know. He just knows me or one of my  
24 colleagues.

25 He may start with a very small amount. He may build it

1 up; he may not build it up. He may just give us \$100 and  
2 then forget about it.

3 We don't discourage such accounts because we feel that,  
4 in the ultimate analysis, these accounts do build up to big  
5 accounts.

6 Mr. Blum: So the bank is perfectly willing to take in  
7 some of these very small accounts in the hope that they will  
8 later go up.

9 Now, is it ever the practice of the bank to open an  
10 account of the agency here simply to be able to transfer  
11 funds quickly and have a vehicle, so that if someone has an  
12 account, let's say, in another part of the bank, it can then  
13 be transferred to the Miami account, as opposed to the London  
14 account?

15 Mr. Awam: I'm not quite sure that I understand your  
16 question.

17 Mr. Blum: Let's say that I've opened an account and it's  
18 London-based, and now I want to be able to draw that money in  
19 Miami.

20 Do I need an account in Miami to do it?

21 Mr. Awam: There are certain customers who do need that  
22 service, and if they need it on a frequent basis, yes, they  
23 do open accounts in other locations.

24 Otherwise, it's a simple wire transfer, to be paid on  
25 identification of what we call a bank draft, a Cashier's

1 Check.

2 But there are a number of customers who have frequent use  
3 for their bank funds in London or Paris or New York,  
4 wherever, and they open accounts in those places.

5 Mr. Blum: Did you have any dealings with Carlos  
6 Whitgreen?

7 Mr. Awan: No business dealings, no.

8 Mr. Blum: Any social dealings?

9 Mr. Awan: I know him.

10 Mr. Blum: How did you come to meet him?

11 Mr. Awan: I met him in one of the gatherings with  
12 Noriega.

13 Mr. Blum: Would this have been at his house or his  
14 office? Where?

15 Mr. Awan: Never at his office, never at his house,  
16 either. At other people's houses.

17 Mr. Blum: Other people's houses.

18 Dr. Luclers: You did say earlier that a great deal of  
19 your business was with the Colon Free Zone?

20 Mr. Awan: Yes, sir.

21 Mr. Luclers: Was it with a particular company or with the  
22 Free Zone authority itself?

23 Would you just expand on what you meant by that?

24 Mr. Awan: The Free Zone authority itself does not do any  
25 business. That's an administrative body which looks after

1 the services and the facilities in the Free Zone.

2 Our dealings were with the merchants who were based in  
3 the Free Zone.

4 Dr. Luclers: And so you were essentially issuing letters  
5 of credit and other instruments of that kind?

6 Mr. Awan: That is correct.

7 Dr. Luclers: What is the nature of the trade that you  
8 were most often backing in the Free Zone?

9 Mr. Awan: It is the entire spectrum of consumer goods.  
10 I mean anything from video cassettes, audio cassettes,  
11 electronics, hi-fi, clothing, perfume.

12 Dr. Luclers: To your knowledge, was General Noriega a  
13 partner, a participant, in any of these commercial  
14 operations?

15 Mr. Awan: To my knowledge, no, sir.

16 Dr. Luclers: Thank you.

17 Mr. Blum: Again, so the record is clear, you have never  
18 financed weapons transactions?

19 Mr. Awan: No, sir.

20 Mr. Blum: You've never laundered drug money?

21 Mr. Awan: No.

22 Mr. Blum: I presume you've never dealt in or trafficked  
23 in drugs themselves?

24 Mr. Awan: No, sir.

25 Mr. Blum: I just wanted to be sure that we asked you



1 these for the record.

2 I am talking about Mr. Awan personally.

3 I believe I have no further questions at this time. We  
4 will continue the subpoena and we may recall you at a later  
5 point in time.

6 We will give counsel the written statement that he has  
7 requested.

8 Thank you very much.

9 Before we close the record, I'd like to mark those  
10 (indicating), as Exhibit A, collectively, and these as  
11 Exhibit B.

12 The travel records --

13 Mr. Grabow: You don't want the originals, right?

14 Mr. Bilms: No, not the originals.

15 The travel records are Exhibit A, and the hotel, the  
16 copies of the hotel receipts regarding General Noriega are  
17 Exhibit B.

18 Mr. Grabow: Off the record.

19 [Discussion off the record.]

20 Mr. Bilms: The newspaper articles will be Exhibit C.

21 [Whereupon, at 12:45 p.m., the taking of the deposition  
22 of Amjad Awan was concluded.]  
23  
24  
25

Dear Mr. Awan,

As per our telephone conversation, I am enclosing  
the bills incurred by Mr. Noriega during his visit  
here in Los Angeles from Jan. 26-29, 1987.

With Compliments

Thanks and regards,

*Chernie*



BANK OF CREDIT AND COMMERCE INTERNATIONAL, S.A.  
SOCIETY ANONYME - LOS ANGELES AGENCY  
501 WEST 6TH STREET, LOS ANGELES, CALIFORNIA 90014 USA  
PHONE: (213) 617-1200 TELEX: 215 508 BCCI UR CABLES: BANGRECOM

582

BANK OF CREDIT AND COMMERCE INTERNATIONAL, S.A.  
LOS ANGELES AGENCY  
501 WEST 6th STREET, LOS ANGELES, CA 90014

9870

Jan. 26, 87 10-017/128

ELEGANT LIMOUSINE SERVICE..... 482.50

FOUR HUNDRED TWO 5/100 ONLY.....

CASHIER'S CHECK

⑆12204017⑆ 30001⑆

~~NOT NEGOTIABLE~~

BANK OF CREDIT  
AND COMMERCE INTERNATIONAL, S.A.

DELUXE FORM DVO-4 SPL N-11425-S

Limousine service for Mr. M.A. Noriega, L. Purcell, E. Castillo, F. Porras,  
M. Cortizo  
- 2 stretched limos as per Mr. Awan's instructions (BCCI, Washington)

44764-75

PURCHASER/RECEIVER NAME \_\_\_\_\_ ADDRESS \_\_\_\_\_

PURCHASER/RECEIVER SIGNATURE \_\_\_\_\_ I.D. NO. \_\_\_\_\_

N-11425-S

583

BANK OF CREDIT AND COMMERCE INTERNATIONAL S.A.  
LOS ANGELES AGENCY  
501 WEST 6th STREET, LOS ANGELES, CA 90014

9895

January 29 87 10-017/128

ELEGANT LIMOUSINE..... 362.25

CASHIER'S CHECK

⑆12204017⑆ 30001⑆

~~NOT NEGOTIABLE~~

BANK OF CREDIT  
AND COMMERCE INTERNATIONAL, S.A.

DELUXE FORM DVO-4 SPL N-11425-S

PAID FROM SUSPENSE ACCOUNT

TO BE REIMBURSED FROM WASHINGTON D.C.  
BY: MR. AWAN

PURCHASER/RECEIVER NAME \_\_\_\_\_ ADDRESS \_\_\_\_\_

PURCHASER/RECEIVER SIGNATURE \_\_\_\_\_ I.D. NO. \_\_\_\_\_

N-11425-S



### Mazda Travel

9100 Wilshire Boulevard • Suite 117  
Beverly Hills, California 90212

(213) 550-3971

## ITINERARY

SALES PERSON: JH ITINERARY/INVOICE NO. 0007445 DATE: 26 JAN  
CUSTOMER NBR: 126039 ES2H75 PAGE: 1

International  
Airline  
Travel  
Agent  
Network

TO: B C C I  
501 W 6TH ST  
LOS ANGELES CA 90014

Travel Insurance, including trip  
cancellation, baggage, medical  
and flight insurance available  
through this agency.

26 JAN 87 - MONDAY					
AIR LV LOS ANGELES	800P	CONTINENTAL	FLT:9	BUSINESS	
AR HONOLULU	1125P	NON-STOP	DINNER		
30 JAN 87 - FRIDAY					
AIR LV HONOLULU	1040P	CONTINENTAL	FLT:24	BUSINESS	
31 JAN 87 - SATURDAY					
AR LOS ANGELES	600A	NON-STOP	SNACK		
AIR TICKET/S	C07856367466	F0R NORIEGA M A MR		000	
AIR TICKET/S	C07856367467	F0R PURCELL L MR		000	
AIR TICKET/S	C07856367468	F0R CASTILLO E MR		000	
AIR TICKET/S	C07856367469	F0R PORRAS F MR		000	
AIR TICKET/S	C07856367470	F0R CORTIZO M MR		000	
				-----	
		SUB TOTAL		4.000	
				-----	
		TOTAL AMOUNT		4.000	

1887 K STREET, N.W., WASHINGTON, D.C. 20006

DATE January 28, 1987

FROM: Amjad Awan  
BCCI Washington

TO: Ms. Jorig Messerlian  
BCCI New York

SUBJECT: Reimbursement - Noriega family

With reference to your memo of January 21, 1987, enclosed herewith please find a cheque for \$10,359.12 favouring the Helmsley Palace Hotel and \$2,623.60 favouring Manhattan Limousine Ltd.

I shall be obliged if you could query the item \$532.36 on the enclosed copy of the Helmsley Palace invoice as I am unable to understand what it pertains to.

Thanks and regards,

Encl:  
AA/ras

586

A Complete Travel Service  
**TRANSVIEW TRAVELS, INC.**  
 1003 K STREET, NW  
 SUITE 210  
 WASHINGTON, DC 20001  
 TEL. (202) 737-4480

INVOICE  
 No. 2412

INVOICE DATE	1/29/87
OUR CHECK NO.	
YOUR CHECK NO.	
TERMS	NET
SALES TAX	
EXCISE TAX	

BCCI  
 WASHINGTON

QUANTITY	DESCRIPTION	PRICE	AMOUNT
1	MR. L. FURCELL	4309.90	
1	MR. M. CORTIZO	4309.90	
1	MR. M.A. NORIEGA	4309.90	
1	MR. F. PORRAS	4309.90	
1	MR. E. CASTILLO	4309.90	
	TOTAL DUE.	\$21549.50	

488 PAPERWORK, INC. DELANEO, PA. 17015

587



280 PARK AVENUE NEW YORK NY 10022

DATE: March 6, 1987

FROM: Hourig Messerlian

TO: Mr. Amjad Awan  
 BCCI, Washington D.C.

SUBJECT: Noriega Family Billing

Enclosed please find invoices pertaining to above,  
 as follows:

Manhattan Limousine

# 474018	\$ 83.50
# 472953	\$ 785.00
# 474778	\$ 410.55

Total \$1,279.05

Helmsley Palace

# 144941	\$ 734.99
# 144516	\$ 38.90
# 144898	\$ 279.46
# 144599	\$ 360.54
# 144897	\$ 279.46
# 144290	\$1,123.05
# 144291	\$1,183.57
# 144517	\$ 801.72
# 144522	\$ 653.87
# 144515	\$3,558.56
# 144519	\$ 774.24

Total \$9,788.36

Kindly arrange to let me have a check made payable to  
 Manhattan Limousine, Ltd., for \$1,279.05 and another  
 payable to Helmsley Palace Hotel for \$9,788.36 for  
 further forwarding.

Thank you

*Hourig Messerlian*

DATE April 2, 1987

FROM Amjad Awan  
BCCI WashingtonTO Ms. Hourig Messerlian  
BCCI New YorkSUBJECT Noriega family expenses

I refer to your memorandum of March 25, 1987 and enclosed herewith a cheque for \$2,965.07 favouring the Helmsley Palace Hotel.

Regards,

Encl;

## DEPOSITION OF AZIZ REHMAN

MONDAY, OCTOBER 24, 1988

Subcommittee on Terrorism,  
Narcotics and International  
Communication  
Committee on Foreign  
Relations  
Washington, D.C.

Deposition of AZIZ REHMAN, a witness herein,  
called for examination by counsel for the subcommittee  
in the above-entitled matter, pursuant to notice, the  
witness being duly sworn by LAURA ROBINSON, a Notary  
Public in and for the District of Columbia, taken at the  
U.S. Capitol, Room S-116, Washington, D.C., at 11:07  
a.m., on Monday, October 24, 1988, and the proceedings  
being taken down in Stenomask, by LAURA ROBINSON, and  
transcribed under her direction.

20  
21  
22  
23  
24  
25

## 1 APPEARANCES

2 On behalf of the Subcommittee on Terrorism,  
3 Narcotics and International Communications

4 JACK A. BLUM, Esq.

5 Special Counsel  
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## 1 P R O C E E D I N G S

2 Whereupon,

3 AZIZ REHMAN

4 residing at 3404 9th Avenue North, Texas City, Texas,  
5 was called as a witness by counsel for the Subcommittee,  
6 and having been duly sworn by the Notary Public, was  
7 examined and testified as follows:

8 BY MR. BLUM:

9 Q. Would you please state your full name for the  
10 record?

11 A. First name is Aziz, A-z-i-z, last name Rehman,  
12 R-e-h-m-a-n.

13 Q. What is your present address?

14 A. What?

15 Q. Your present address.

16 A. Present address )  
17

18 Q. That's

19 A. Yes,

20 Q. Where do you presently work?

21 A. I'm working with

22 Q. What do you do for

23 A.

24 Q. Where were you born?

25 A. I was born in India in 1942.

1 Q. In 1942?

2 A. Right.

3 Q. Did you later come to move to Pakistan?

4 A. Right, in 1954 I moved to Pakistan.

5 Q. Were you educated in Pakistan?

6 A. Right.

7 Q. What were you trained as? What was your  
8 formal education?

9 A. I did in science, you know. After that I work  
10 in Pakistan National Refinery for four years. Then I  
11 moved on to United States in '78.

12 Q. You came to the United States in 1978. And  
13 what was the occasion for your move to the United States?

14 A. I visited some of my family members. They are  
15 relations over here. Then I change my mind. I didn't go  
16 back. I stayed here.

17 Q. What were your jobs when you stayed in the  
18 United States? What did you begin doing?

19 A. First job was Retron Corporation as printer.  
20 Then I did security guard and different type jobs.

21 Q. You had a variety of jobs?

22 A. Right.

23 Q. Did there come a time in 1982 when you went to  
24 work for a bank in Miami?

25 A. Yeah. In 1982 I join BCCI, International Bank

1 of Miami in 1982.

2 Q. How did you come to get that job?

3 A. Because basically they were from Pakistan,  
4 most of the people, and we came to know each other and I  
5 applied for that, working at Southeast Bank as a  
6 security guard, and I got the job. I join them then.  
7 They told me right now we have a job for you driving,  
8 but when we get the license we expand. We promote you  
9 to clerical position. But right now nothing going  
10 except, you know -- I join them.

11 Q. So you joined them at that time. Did you have  
12 a Green Card at the time?

13 A. I did what?

14 Q. Did you have a Green Card?

15 A. Yeah, at that time.

16 Q. You had a Green Card?

17 A. Right.

18 Q. And you went to work for them, and your job  
19 was as a driver, is that correct?

20 A. Yeah. There was no title. I was a driver, I  
21 was a clerk, everything.

22 Q. Would you describe what you did in that job?

23 A. Beginning to the end?

24 Q. Beginning to the end. Just give me a sense  
25 for the different kinds of things you did in the bank?

1 A. I use to drive very influential people when  
2 they arrive in Miami, took from there to the bank, like  
3 what you call Dr. Blackman.

4 Q. That's the Governor of the Central Bank of  
5 Barbados?

6 A. Right, Barbados. And Gerald Lewis, who was  
7 the controller of Florida State insurance controller.  
8 Sometimes other people. Sometimes I entertain them  
9 too. I sometimes I work for documentation making  
10 microfilming of documents. Sometimes doing transaction,  
11 depositing bank money to the other banks. There was not  
12 a specific job, but I was doing everything and nothing.

13 Q. How many people were working at the bank when  
14 you first went to work there?

15 A. About eight people when I started at that time.

16 Q. What did they open the bank with in terms of  
17 deposits? How much money did they have on deposit?

18 A. I deposit from \$100,000 to \$2,000,000 cash.

19 Q. This is money that you personally brought in  
20 for customers who were coming in with you?

21 A. It might be from the customer, it might be  
22 from bank to bank transaction, like it came from Jamaica  
23 which I acknowledge. And I gave you the documents about  
24 that, too.

25 Q. Let me try to be very precise about the kinds

1 of transactions that you were involved in. You would  
2 receive money for the bank. How would that money come  
3 into your possession?

4 A. The bank official give it to me. They tell me  
5 this is your job. You go and deposit it into the other  
6 bank.

7 Q. So the bank's officials, this is BCCI's  
8 officials, would give you a bag of money?

9 A. Right.

10 Q. And they would say take that money and deposit  
11 it in another bank in Miami?

12 A. Right.

13 Q. And you would then take that money and make  
14 the deposit?

15 A. Right.

16 Q. How much money would you deposit at any one  
17 time?

18 A. Sometimes \$400,000 to \$700,000 I deposited,  
19 cash.

20 Q. This was cash money, currency?

21 A. Right, cash. I could not pull that bag, but I  
22 had to. I did it.

23 Q. Because the bag as very heavy?

24 A. Seven hundred thousand is a heavy bag.

25 Q. This began in 1982 as soon as you began to



1 work there?

2 A. No. It began in 1983.

3 Q. Was there an occasion when it was obvious that  
4 this kind of thing was beginning?

5 A. Yeah, most of the time it comes. Sometimes I  
6 deposit, sometimes other people.

7 Q. What I mean is at what time -- Can you  
8 identify a time when they began to take in this large  
9 amount of money?

10 A. Especially from Jamaica that money came in  
11 November 1983.

12 Q. How did you know that the money was coming  
13 from Jamaica?

14 A. Because I was making documents of that, and it  
15 has stamped "Cash Receipt" from BCCI Jamaica, and I  
16 deposit it to the Pan American Bank or other bank.

17 Q. What was happening was shipments of money were  
18 coming into BCCI Miami?

19 A. Right.

20 Q. And they were coming in from Jamaica?

21 A. From Jamaica, most of that.

22 Q. How were they getting to the bank from Jamaica?

23 A. The common carrier was Wells Fargo, like  
24 Brinks and other company.

25 Q. This would be shipped in physically in the

1 form of cash to the bank in Miami?

2 A. Right, while they were doing the other  
3 transaction through the Federal Reserve Bank. But the  
4 cash was coming in all the time.

5 Q. What other transactions were being done  
6 through the Federal Reserve Bank?

7 A. Very little amount, \$10,000, \$15,000,  
8 \$25,000. Never over \$100,000.

9 Q. When did they open the branch in Jamaica?

10 A. I don't exactly remember that, but after 1982  
11 they open in Jamaica.

12 Q. So this cash business began to grow soon after  
13 they opened the branch in Jamaica, is that what you're  
14 saying?

15 A. Right.

16 Q. And this money that was coming in by Wells  
17 Fargo or other common carrier, was physically be  
18 delivered to the bank in Miami in the form of currency,  
19 is that correct?

20 A. Right.

21 Q. What size bills were coming in?

22 A. Twenty dollar, hundred dollar, ten dollar.

23 Q. All denominations?

24 A. All kinds.

25 Q. And these would be packed how? Would they be

1 wrapped and banded?

2 A. Just like a postal bag.

3 Q. A postal bag?

4 A. Right.

5 Q. And you would then be directed to take these  
6 postal bags and deposit them with other banks in Miami?

7 A. Right.

8 Q. Where did you go? Which other banks in Miami  
9 took --

10 A. Pan American Bank and Sun Bank.

11 Q. Did BCCI have accounts at those banks?

12 A. Sure.

13 Q. Were you at all concerned about dragging mail  
14 bags filled with cash around Miami?

15 A. That's why I open my mouth, you know, somebody  
16 will shoot me, it's illegal. They say shut up. You  
17 don't know anything about the banking. Do what I am  
18 saying. Then I found out this is illegal money.

19 Q. So you complained?

20 A. Yes.

21 Q. When they said drag these bags of \$700,000,  
22 \$200,000, you said somebody is going to kill me?

23 A. Right.

24 Q. And you complained to the management?

25 A. Right.

1 Q. And what did they tell you?

2 A. They said you don't know anything. Nobody is  
3 going to kill you. You do your job. You deposit it and  
4 come back. Nobody is going to kill you.

5 Q. So you made these deposits. Were you, in  
6 fact, ever threatened or was there ever a problem as you  
7 made these deposits?

8 A. At that time I had no problem except my  
9 officials, you know, at BCCI Miami, because I was afraid  
10 to be robbed or sometime killed. The large amount, in  
11 Miami especially, somebody come to know who is carrying  
12 every time \$400,000 or \$1,000,000 or something, they  
13 might kill me.

14 Q. You were very concerned about your own safety?

15 A. Right.

16 Q. How often did these bags with money arrive,  
17 and how often did you go to other banks to make the  
18 deposits? Was it once a week, once every two weeks,  
19 every couple days, how frequently?

20 A. Sometimes twice a week, sometimes every second  
21 day or third day. In three months I deposit about  
22 \$3,000,000.

23 Q. Three million dollars in currency?

24 A. Right, in currency, hard cash.

25 Q. Was this all money shipped in from Jamaica?

1 A. Especially came in from Jamaica.

2 Q. At that time?

3 A. Right.

4 Q. Do you know who in Jamaica shipped it?

5 A. The Jamaican BCCI branch, Mr. Sakrani, who was  
6 the manager over there.

7 Q. Was it illegal to ship currency out of Jamaica?

8 A. As far as I know, that is illegal to bring  
9 currency from Jamaica or Pakistan or anywhere, foreign  
10 exchange especially.

11 Q. So there were foreign exchange controls, to  
12 the best of your knowledge, in Jamaica at the time?

13 A. Right.

14 Q. And the shipment of currency directly by the  
15 branch from Jamaica to Miami was illegal under Jamaican  
16 law?

17 A. Right.

18 Q. How was that deposit credited within the bank?

19 A. As a BCCI Jamaican money.

20 Q. So there was an account for BCCI Jamaica in  
21 the bank in Miami?

22 A. Right.

23 Q. And this would be credited to the account of  
24 BCCI Jamaica?

25 A. Right. It was not anybody's personal name on

1 deposit. It was bank to bank.

2 Q. Bank to bank?

3 A. Right.

4 Q. Were there other people who came into the bank  
5 in Miami with currency to deposit it with the bank?

6 A. Right, sometime, but I never met them.

7 Q. Was there much currency that came into the  
8 bank?

9 A. Sometimes it comes in \$100,000, sometimes  
10 \$50,000, over \$10,000 all the time. That got  
11 deposited. When I saw the voucher I come to know.

12 Q. In other words, you as the person charged with  
13 the record keeping would see the record of the cash  
14 deposit?

15 A. Sure.

16 Q. And that way you knew that there were receipts  
17 of cash coming in?

18 A. That's the only way I could know.

19 Q. Were there forms filed with the United States  
20 Government indicating that this cash had been received?

21 A. I don't know about that. I am sure they  
22 didn't file the forms.

23 Q. Why are you sure they didn't file the forms?

24 A. That was another officer's job, and what he  
25 was doing because that was not documented. When there

1 is a transaction of the bank, that was documented, and  
2 documents come to me and I come to know. If it doesn't  
3 come to me, I didn't know what's going on.

4 Q. What you are saying is many of these receipts  
5 of cash were not documented inside the bank?

6 A. Sometimes not.

7 Q. Sometimes not?

8 A. Right.

9 Q. Where would this cash be taken?

10 A. BCCI Miami.

11 Q. BCCI Miami in the vault?

12 A. Right.

13 Q. Did there ever come a time when BCCI officials  
14 took these deposits to their homes?

15 A. Sometimes.

16 Q. Why would they do that?

17 A. Because they want to fly it to some different  
18 places.

19 Q. Where would they want to fly it to?

20 A. They fly it to basically Panama and Grand  
21 Cayman. They are two basic base.

22 Q. And how would they move that currency? What  
23 kind of modality would they use?

24 A. By the private plan. They arrange that, and I  
25 don't know how they manage into Panama or into Grand

1 Cayman. Basically what I heard they had, you know,  
2 Customs, nobody checked up.

3 Q. So they would charter an aircraft and use that  
4 for the money that was coming into the branch in Miami?

5 A. Right.

6 Q. Is that correct?

7 A. Right.

8 Q. How often would that go on?

9 A. When the cash comes in heavy in amounts and  
10 they don't want to deposit in here, they do that.  
11 Otherwise, they could deposit. If it is bank to bank  
12 coming, they deposit it. If it is not bank to bank,  
13 they want to fly it because that is illegal.

14 Q. Let me see if I understand this. If it was  
15 coming in from a branch overseas, it would be a bank to  
16 bank transfer not required to file a federal report, and  
17 they felt safe to deposit it at Sunshine or wherever?

18 A. Right.

19 Q. If it came in from other people, they would  
20 make arrangements, then, to fly the money out to Grand  
21 Cayman and to Panama, is that correct?

22 A. Right.

23

24

25

1 Q. Did the Miami office keep records of accounts  
2 of other branches of BCCI?

3 A. Sure. They do every branch.

4 Q. So, you sitting in Miami had access to the  
5 records of each of the branches of BCCI in Latin  
6 America. Is that correct?

7 A. Not each of the branches, but most of the  
8 branches.

9 Q. Would that include records of the accounts of  
10 large depositors?

11 A. Sure.

12 Q. And what form were those records kept in? Was  
13 it microfilm?

14 A. Microfilm and computerized files.

15 Q. Computerized files as well?

16 A. Right.

17 Q. Were those microfilm records shipped in from  
18 the other banks?

19 A. No.

20 Q. How would you receive those microfilm records?

21 A. They send a record as a computer record that  
22 this much balance is BCCI Jamaica as against BCCI Miami.

23 Q. You would receive computer tapes from  
24 different branches?

25 A. Yes.

1 Q. You would have these computer tapes in Miami?

2 A. Right.

3 Q. So that anyone who wanted to consult about the  
4 status of an account of a branch could do that in Miami?

5 A. Right.

6 Q. Did there come a time at BCCI when you became  
7 to believe that they had invented a branch in the  
8 Bahamas — that they said there was a branch, but there  
9 was no branch?

10 A. There was no branch in Nassau, Bahamas, in  
11 November. They started taking the money, deposited it  
12 in the Nassau branch, but there was no existing branch  
13 in Nassau at that time.

14 Q. How did that work with people coming in, say I  
15 want to make a deposit, and they would say well, make  
16 the deposit in Nassau, but there was really no bank?

17 A. They would just take the money from here and  
18 issue a receipt for Nassau, Bahamas, that you deposited  
19 the money, not in Miami, but in Nassau.

20 Q. Now, Mr. Rehman, I'm going to ask you to take  
21 a look at a number of documents in that file. These are  
22 documents which you gave to me this morning, is that  
23 correct?

24 A. Right.

25 Q. I'd like to begin with a certificate of

1 deposit to Dr. Aleem Mohammed.

2 A. It's right here.

3 Q. Would you describe what that document is and  
4 how it came into your possession.

5 A. Because that was in Miami, that's why it came  
6 to my possession. I believe that was a c.d. which was  
7 deposited in Nassau, but actually it was deposited in  
8 Miami and issued in Miami while the branch never existed  
9 in Nassau.

10 Q. In other words, what you're saying is this  
11 showed as an account of a Nassau branch, but the Nassau  
12 branch didn't exist?

13 A. Right.

14 Q. Who is Dr. Aleem Mohammed?

15 A. As per my knowledge, he is a brother of the  
16 Trinidad prime minister.

17 Q. What is the amount of the certificate of  
18 deposit?

19 A. It's 900,500 or 5,625.

20 Q. I read it as 955,000.

21 A. 955,071.

22 MR. BLUM: I'd like to have this marked as  
23 Exhibit A and included in the record at this point.

24 (The document referred to  
25 was marked Exhibit A, for

1 (identification.)

2 BY MR. BLUM: (Resuming)

3 Q. There are several other documents I'd like to  
4 have you turn your attention to. These are vouchers,  
5 debit vouchers, and credit vouchers. There are a series  
6 of them.

7 A. Yes, sir, I see them.

8 Q. Would you begin with the debit expenditure of  
9 November 15, 1983. It's debit expenditure account.

10 A. Right.

11 Q. Would you identify that document for us,  
12 please.

13 A. There's \$300 which I expended as per my  
14 official order and Mr. Patrick Lynch's order to Dr.  
15 Blackman, who is the treasurer's secretary of Barbados  
16 to entertaining.

17 Q. This was an entertainment expense?

18 A. Just to please him.

19 Q. When he came, now, was this one of many kinds  
20 of entertainment that you did for visiting dignitaries?

21 A. Right.

22 MR. BLUM: I'd like to have this marked as  
23 Exhibit B and made part of the record.

24 (The document referred to  
25 was marked Exhibit B, for

(identification.)

BY MR. BLUM: (Resuming)

Q. How frequently would you be involved in entertaining visiting dignitaries?

A. Most of the time twice a week sometimes.

Q. These would come from all over the region?

A. Yes.

Q. People from the Caribbean, valued customers, government officials, both?

A. Right.

Q. This would have been one of many such entertainment vouchers that you filed?

A. Right.

Q. I'd like to turn, then, to a debit voucher dated January 17, 1984, and ask you to identify that.

A. January 17, '84, that a Nassau branch debit voucher. Amount is \$11,190 deposited in Miami, taken on behalf of Nassau branch which never existed.

Q. This was a deposit from a nonexistent Nassau branch?

A. Right.

Q. And as an interbank deposit, wouldn't that require federal reporting?

A. I don't know whether it's recorded -- required by federal reporting or not, but I see when the branch

never exists and taking a deposit for that, that's illegal.

MR. BLUM: I'd like to have that marked as Exhibit C.

(The document referred to was marked Exhibit C, for identification.)

BY MR. BLUM: (Resuming)

Q. Now, I'd like to turn to a credit voucher dated January 24, 1984. Would you identify that.

A. This is \$494,017.

Q. \$494,417. And what would this have been?

A. The voucher says received cash from BCCI of Jamaica.

Q. This would have been one of those bags of money, one of their shipments you earlier described which you then deposited?

A. Sure.

Q. This was shipped in from BCC Jamaica to their branch in Miami?

A. In Miami.

Q. If you turn the page there's another voucher. I can't quite make out the date.

A. January 18.

Q. What is that amount?

1 A. \$400,000 even.

2 Q. You came into possession of this because you

3 were working in documentation in the bank?

4 A. Right.

5 Q. This was a receipt of \$400,000 in currency?

6 A. Right.

7 Q. You would have then had to deposit this at

8 another bank in Miami for BCC?

9 A. Right.

10 Q. And now there's a third page attached to that,

11 again, a credit voucher, BCC Jamaica?

12 A. Yes, sir.

13 Q. What is the amount of that?

14 A. \$163,042.

15 Q. Again marked received cash, and this would

16 mean it came in in the form of currency?

17 A. Right.

18 Q. And on the same page another one, a little bit

19 more difficult to read, but that one is \$137,000?

20 A. That's what I read, \$137,000, received cash.

21 Q. It's a currency?

22 A. Right.

23 Q. It's marked currency. There's a block there

24 that says currency and a number. What does that mean?

25 A. It means cash received.

1 Q. So, we're talking about receipts of currency

2 from BCC Jamaica?

3 A. Every document has a cash received stamp on

4 the voucher. It means it was received, cash.

5 MR. BLUM: Let's mark this as Exhibit D.

6 (The document referred to

7 was marked Exhibit D, for

8 identification.)

9 BY MR. BLUM: (Resuming)

10 Q. This is the money you were discussing before

11 that was being received in the bank in the form of

12 currency that you were later depositing in other banks

13 in Miami, is that correct?

14 A. Right.

15 Q. Now, there's a transfer delivery sheet that is

16 one of these documents that is in the file. Would you

17 identify that, please.

18 A. This is a delivery receipt from Brinks, and it

19 came from BCCI Jamaica and cashed about -- I don't see

20 the total amount -- maybe 600,000 or more.

21 Q. This is received from Bank of Credit and

22 Commerce, Kingston, Jamaica?

23 A. Right.

24 Q. Delivered to Bank of Commerce and Credit,

25 Brickell Avenue?



1 A. Right.

2 Q. At the top of this there are two names.

3 A. Those are the guards.

4 Q. Those are the guards that did the transfer?

5 A. That delivered it.

6 Q. This would have been received by BCCI Miami?

7 A. Officials.

8 Q. Officials in Miami and then this would have  
9 been one of the deposits that you made?

10 A. I did.

11 Q. Did it trouble you that it came in an armored  
12 car and then you had to deliver it in the back of the  
13 bank car?

14 A. Right.

15 Q. It did trouble you?

16 A. Right.

17 MR. BLLM: I'd like to have this marked as  
18 Exhibit E.

(The document referred to  
19 was marked Exhibit E, for  
20 identification.)

21 BY MR. BLUM: (Resuming)

22 Q. Now, did there come a time, Mr. Kehman, when  
23 you became so troubled by these shipments of cash that  
24 you went to the Internal Revenue Service?  
25

1 A. Yes.

2 Q. When was that?

3 A. When I called them and notified them, they  
4 send me letter on 3-30-84.

5 Q. You were sufficiently troubled by the fact  
6 that you were hauling these bags of money around Miami  
7 that you called the IRS and said, Hey, I think something  
8 is going on.

9 A. Right.

10 Q. Did you call anybody else?

11 A. I called Federal Reserve. They said no. I  
12 will inquire about it. And I called FBI. They said  
13 it's not my case and you better talk to IRS. Money  
14 lending is their business. So, I called them at the  
15 IRS, and they contacted me on 3-30-84.

16 Q. Was that contact in the form of a letter?

17 A. Right.

18 Q. You identified that as a letter you received  
19 from the IRS?

20 A. Yes.

21 MR. BLLM: I'd like to have that marked as  
22 Exhibit F.

(The document referred to  
23 was marked Exhibit F, for  
24 identification.)  
25

1 BY MR. BLUM: (Resuming)

2 Q. At the same time that letter was received did  
3 you also make an application for award for providing  
4 information to IRS?

5 A. They said you are eligible for the award, so I  
6 fill out the form for the reward.

7 MR. BLUM: We'd like to have that made also  
8 part of the record.

9 (The document referred to  
10 was marked Exhibit G, for  
11 identification.)

12 BY MR. BLUM: (Resuming)

13 Q. Did you spend time with the IRS people  
14 describing what was going on at the bank?

15 A. At the time when I signed the reward form,  
16 they recorded my statement as you're recording  
17 everything, and I gave every document possible to prove.

18 Q. What kinds of documents did you turn over to  
19 the Internal Revenue Service at that time?

20 A. All the time when the Nassau branch, all the  
21 deposits when the Nassau branch never existed, plus BCCI  
22 Kingston, Jamaica transaction to BCCI Miami, all the  
23 documents, cash received into Miami as cash currency.

24 Q. Did you at any point do a special computer  
25 runs and give them to the Internal Revenue Service?

1 A. No, I didn't run that computer run, but I give  
2 the computer printout to the Internal Revenue Service.

3 Q. Were these printouts -- were they transactions?

4 A. All the transactions.

5 Q. All the transactions on a daily basis?

6 A. Right.

7 Q. So, IRS had a substantial number of printouts  
8 covering daily transactions for what period?

9 A. From '82 to '84 I believe.

10 Q. Was this a substantial amount of paper that  
11 you gave them?

12 A. Right.

13 Q. Would you say it was a foot thick?

14 A. About this much.

15 Q. Six inches' worth of computer printouts?

16 A. Maybe four inches, six inches.

17 Q. Four to six inches' worth of computer  
18 printouts?

19 A. Right.

20 Q. Now, this morning you came with a number of  
21 computer printouts, copies of which are in that file, and  
22 I'd like you to take a look at the ones in the file and  
23 identify them if you will for the record. Were those  
24 BCCI printouts that you took at the time?

25 A. Yes. This was all BCCI printouts.

1 Q. These are similar to the ones that you turned  
2 over to the Internal Revenue Service?

3 A. Right.

4 Q. What were these printouts? What kinds of  
5 things did they cover?

6 A. They are some deposits, printout of Nassau,  
7 which was printed out in Miami.

8 Q. This was the nonexistence branch?

9 A. Right.

10 Q. I'd like to call your attention to a printout  
11 dated July 20, 1984 of Nassau, BCCI Nassau, statement of  
12 outstanding term deposits.

13 A. July '84?

14 Q. Yes. Now, this is one of the printouts that  
15 you took from the bank?

16 A. No, I didn't take. I got it from one of my  
17 friends because in July I was not working with them.

18 Q. You left the bank, but a friend of yours in  
19 the bank gave you this printout?

20 A. Right.

21 Q. What is this printout? This is a statement of  
22 accounts?

23 A. Of Nassau branch of deposited money.

24 Q. There is a name here, Barbarena, S.A. What is  
25 Barbarena, S.A.?

1 A. They're a South America developer in Miami,  
2 mainly in construction business. They're a big  
3 depositor in Miami.

4 Q. A big depositor in Miami?

5 A. BCCI, Miami.

6 Q. Do you know who the principals in Barbarena  
7 are, who the people who own it are?

8 A. I know Mr. Helman, one person who used to come  
9 a lot. I don't know the other people.

10 Q. There are very large deposits indicated for a  
11 company called Modern Health Care. Who is Modern Health  
12 Care?

13 A. They changed their name. That's basically  
14 North Miami General Hospital. They deposited at one  
15 time \$20 million into the Nassau branch when the Nassau  
16 branch never existed.

17 Q. Do you know why they would have done that?

18 A. They got interest over there, and they never  
19 showed that interest into the United States.

20 Q. It would be taxable, and it wouldn't be shown  
21 on any record here?

22 A. I think so, because that's why the people  
23 deposit outside the United States.

24 MR. BLUM: I'd like to have that printout be  
25 made part of the record. I think that's Exhibit H.

(The document referred to  
was marked Exhibit H, for  
identification.)

BY MR. BLUM: (Resuming)

Q. I'd like to call to your attention another  
account. This is 18 May, 1984. Would you identify  
that. Is that also a computer printout you received?

A. Of BCCI Nassau.

(The document referred to  
was marked Exhibit I, for  
identification.)

Q. This was again from your friend inside the  
bank?

A. Sure.

Q. When was your employment with the bank  
terminated?

A. 13th of February, 1984.

Q. So, this is after you were terminated?

A. Right.

Q. There is an account reference there, Kifco,  
K-i-f-c-o. What is that?

A. Kifco is a Kuwaiti Investment Corporation, a  
short form of that.

Q. Kuwaiti Investment Corporation?

A. Right.

Q. This would show also the \$20 million Modern  
Health Care deposit?

A. That's what I was talking about before.

Q. How did it come to pass that you were  
terminated by the bank in February 1984? What  
happened? How did you lose your job?

A. I talked to them a lot because my life in  
danger. I don't want deposit -- I could do anything  
else, because somebody will kill me. And what I get  
from the bank, \$10,000 for my family, is not enough.  
This is not my job. You send somebody else.

And they said we cannot trust more than you.  
You take it because if you give it to somebody to  
deposit, he might slip the \$400,000 away. But I did  
deposit it all the time, and I was afraid for my life.  
That's why I opened my mouth.

Q. You said I refused to take these deposits and  
what did they do to you?

A. Then the manager called me in a meeting. Mr.

1 Sakhi, who was my manager at that time, and he said you  
2 go to the other office or you don't work. And I said  
3 this is it. And he said no, this is part of our job.  
4 We do this same thing, you know. And this is not  
5 illegal and you've got to do, and I said no. And then  
6 they fired me right away.

7 Q. Did they make it difficult for you to get  
8 another job?

9 A. After one year from that time to one year I  
10 was unemployed, and that I have a record for  
11 unemployment.

12 Q. Did you later file for bankruptcy because you  
13 were unable to get a job?

14 A. Right, I filed bankruptcy because of this. I  
15 couldn't find a job because I applied anywhere, they  
16 never give the good reference.

17 Q. You continued to have contact after you lost  
18 your job there with people who were working inside the  
19 bank? You had good friends inside the bank, is that  
20 correct?

21 A. Yes.

22 Q. Did the practices that you have described to  
23 us continue after you left the bank? Did people inside  
24 tell you that that continued to happen?

25 A. There are still good friends into the bank.

1 They still help me out because they know how much I  
2 suffered for them. They wanted to kill me, but they  
3 couldn't do that. They threatened me two or three  
4 times, but I don't have to prove it.

5 Q. Who threatened you?

6 A. Sometimes a telephone call. You're dealing  
7 with \$20 billion, you know, what you call organization.  
8 You'll be nowhere.

9 I said what I'm doing, I'm doing according to  
10 the law. I'm not doing that against anybody.

11 Q. Were there people who threatened you?

12 A. They never give their name.

13 Q. Were they speaking in English or Pakistani?

14 A. They speak in English, but I know that they  
15 were Pakistani.

16 Q. So, you would be called and threatened? What  
17 did they tell you, not to talk about this?

18 A. Right, keep your mouth shut. Don't do this.  
19 We are \$20 billion organization. We can do so many  
20 things, you don't know, this and that.

21 Q. You went to the Internal Revenue Service and  
22 you turned these documents over in 1984?

23 A. Right.

24 Q. They interviewed you at some length, is that  
25 correct?

1 A. Right.

2 Q. Did they come back to you again?

3 A. They come back several times, different  
4 meetings, which I gave you the different offices which I  
5 visited.

6 Q. There is in this a Xerox copy of business  
7 cards. Is this the list of people you talked to about  
8 this, about this matter?

9 A. Yes, 'till '86. They arrested two guys from  
10 Chicago for money laundering, Chicago and Miami both.

11 Q. But they didn't close the bank down, and they  
12 didn't get into the full dimensions of the operation?

13 A. No.

14 Q. Did you have occasion to visit the Jamaican  
15 government about this problem?

16 A. At that time before I went to the IRS I went  
17 to notify two Jamaican consuls.

18 Q. What happened on that visit?

19 A. After that I heard a few weeks Mr. Saknia or  
20 his friend -- I don't know -- that is on record -- I  
21 forgot the date. They investigated BCCI physically and  
22 after that the case was nothing, wind up what happened  
23 what they got. Why they closed the case, I don't know.

24 Q. But the case was closed?

25 A. I hope so because nothing was done.

1 Q. And you know that because of your friends  
2 inside the bank?

3 A. Sure.

4 Q. Did the deposits continue to come in from  
5 Jamaica?

6 A. That's where I give you.

7 Q. In other words, the printouts you've given us  
8 show continuing money in from Jamaica, even after the  
9 time of your complaint?

10 A. What I heard from my friends after that when I  
11 reported to the IRS, and there arrested these two guys.  
12 They switch their transfer -- I mean operation --  
13 basically from Miami to Tampa and other places instead  
14 of using Miami. So, nobody knows what is going on into  
15 Miami.

16 Q. So what happened was as the questions began to  
17 be asked, they moved the receipt of cash from Miami to  
18 Tampa?

19 A. Right. Instead of Miami, they're using Boca  
20 Raton branch or Tampa branch or New York branch because  
21 they knew the Miami branch was under investigation.

22 Q. How long did this investigation go on? How  
23 long were you talking to the IRS agents?

24 A. Since '84. I'm still talking with them.

25 Q. You're still talking with them today?

1 A. Right. The last time they told me when I  
2 moved down Houston, the file was given to federal task  
3 force, which includes custom agents, federal IRS agents,  
4 and Federal Reserve bank agents.

5 I interviewed with the four of them which I  
6 gave you one of them.

7 Q. Was this Operation Greenback that began to  
8 talk to you? Was it called Operation Greenback?

9 A. Right. They talked to me two times only.

10 Q. When you heard of the BCCI arrests, you were  
11 not surprised?

12 A. I knew there were going to be arrested because  
13 they were doing illegal. When there are foreign  
14 exchange restriction on the other country, there's no  
15 way you can bring a foreign exchange out of that  
16 country. And if you're bringing out, that's illegal.  
17 So, that's why I reported to them.

18 Q. What other countries was this going on with,  
19 do you have any idea?

20 A. They have network all over in front of United  
21 States, Jamaica, Barbados, Panama, Colombia. They  
22 brought a bank into Colombia that's called Bank and  
23 Mercantile of Colombia. They started in Venezuela.  
24 They filed application for license. They might have  
25 gotten it now. At that time, to my knowledge, they got

1 it. In Argentina, Brazil, every bank is coming out of  
2 that country, but they are going to open a branch.

3 Q. In other words, the business of the bank in  
4 these different countries included bringing United  
5 States currency from those countries into the United  
6 States?

7 A. Right.

8 Q. Did there ever come a time when you had to  
9 entertain people who were bank examiners or people who  
10 were investigating the bank?

11 A. Not at that time. I drove only one bank  
12 officer, Mr. Gerald Lewis, who was the comptroller of  
13 Florida, state banking comptroller, I believe. He  
14 issued about four licenses to him in different branches  
15 in Miami and Florida, Tampa branch, Boca Raton branch,  
16 Miami branch.

17 Q. Did you ever come to believe that there were  
18 payments involved in getting these licenses?

19 A. I firmly believe in that, but I cannot prove  
20 it because that's the way they work.

21 Q. What do you mean that's the way they work?  
22 Give me an illustration.

23 A. Like I told you, that Mr. Sakhia visited to  
24 the BCCI from Jamaica. That was about four or five  
25 million dollars. That was a big deal for that country

1 as a foreign exchange, but nothing happened. So, I  
2 believe he was somehow -- he was being satisfied. In  
3 what ways? Anybody can understand that.

4 Q. But you don't have any evidence?

5 A. No, sir.

6 Q. You're just surmising?

7 A. Right.

8 Q. Was there any other indication to you that  
9 there might be payments of some kind or another to  
10 protect the operation that they were engaging in?

11 A. As a banker they shouldn't get involved with  
12 the senators and other -- what I believe with other  
13 people. When I saw Mr. Sakhaia with manager of BCCI, he  
14 was more involved to get influence or get involved with  
15 this senator or politicians instead of banking. So,  
16 that made my mind suspicious what they're doing with  
17 these people.

18 Q. Again, you don't have any particular evidence  
19 of payments to individuals?

20 A. No, except that he met with them. No  
21 evidence, nothing.

22 Q. Who in the Miami branch would know about the  
23 records they kept and the kinds of activities that they  
24 were engaged in, whether any people who were not among  
25 those indicted who would have intimate knowledge of what

1 was happening inside the bank?

2 A. Mr. Sakhaia is the mastermind, which I gave you  
3 the copy. He is the main man. He's been transferred to  
4 New York. He flew from there when you indicted this  
5 bank, from New York to Miami. He stayed two days in  
6 Miami, met with the different officials. I don't know  
7 who, but I came to know that's why he was in Miami.

8 Q. Who -- he is the guy that really understood  
9 this operation?

10 A. Yes. He knows everything.

11 Q. He was the branch manager when the Miami  
12 branch opened?

13 A. Sure.

14 Q. When this activity began?

15 A. Right.

16 Q. Were there other employees in the bank who  
17 possibly knew how the paper went and would be aware of  
18 different things the bank was doing besides his?

19 A. He was aware, and I gave you the name of Mr.  
20 Sakrani, who was the Kingston, Jamaica, branch manager.  
21 He came back in December to BCC Miami branch from  
22 Jamaica for goodwill. Got promoted.

23 And the other man who was Mr. Junnarkar, he's  
24 with Mr. Sakhaia in New York. Mr. Sakhaia and Junnarkar  
25 were in Miami when all this transaction was made, and



1 Mr. Sakrani was managing BCCI Jamaica. He came back.  
2 He took over from Junnarkar, and Junnarkar resigned at  
3 that time when I reported to the IRS.

4 Q. Were there any other people from Jamaica who  
5 were brought in to the Miami operation?

6 A. Yes. One very active member is Mr. Patrick  
7 Lynch. He's from Jamaica, very friendly with Mr.  
8 Sakhia, and he is director of Caribbean now in BCCI.

9 Q. He's the BCCI executive in London charged with  
10 the responsibility for the Caribbean?

11 A. Right. At that time he was in Miami under Mr.  
12 Sakhia. Now, he is promoted over Mr. Sakhia.

13 Q. Do you have any idea why that might have  
14 occurred?

15 A. Because of the \$6 million nothing happened  
16 which came from Jamaica. He got good record.

17 Q. Were there businessmen in Miami who would come  
18 in and use the bank as well?

19 A. At that time the very famous man, Mr. Dukay,  
20 used to come and throw a lot of parties.

21 Q. Who's Mr. Dukay?

22 A. A Colombia coffee magnate who filed bankruptcy  
23 and got indicted in 1985 or '86.

24 Q. What is Carlos Dukay?

25 A. Yes.

1 Q. He was indicted for bank fraud, is that  
2 correct?

3 A. Right.

4 Q. Did that involve fraud on BCCI?

5 A. Yes. BCCI so for about \$2 million.

6 Q. What was Mr. Dukay's business?

7 A. He's a coffee exporter from Colombia.

8 Q. Colombia coffee exporter?

9 A. Right.

10 Q. Was he involved in bringing in currency  
11 illegally?

12 A. To my knowledge I don't know.

13 Q. Were there other businessmen who brought  
14 currency to the bank?

15 A. Might be, but I don't have a proof of that.

16 Q. Were there other cash deposits besides the  
17 ones that came in?

18 A. All the time.

19 Q. Besides the ones that came in from central  
20 banks and Brinks?

21 A. Right.

22 Q. There were others?

23 A. Just like I show you, the BCCI Nassau,  
24 \$11,000, it came in to the BCCI Miami, but they couldn't  
25 deposit it into the Miami. They deposited it into BCCI

1 Nassau.

2 Q. Which didn't exist?

3 A. Right. So, they don't have to deposit --  
4 report it to the federal government.

5 Q. Were there any other prominent individuals who  
6 came into the bank at that time who you knew about or  
7 recognized?

8 A. No. I saw Jeb Bush two or three times over  
9 there with Mr. Sakhia. I saw Maurice Praey.

10 Q. The mayor of Miami?

11 A. Miami, mayor of Miami. I saw Mr. Bob Graham  
12 at the time of Inauguration, not after that.

13 Q. This is all part of the bank's trying to  
14 cultivate public officials and prominent individuals?

15 A. Right.

16 Q. What kind of automobiles did the bank have?

17 A. They have Lincoln Town Car and Cadillac  
18 Seville.

19 Q. This would be used to meet people at the  
20 airport?

21 A. Right.

22 Q. And bring them in from wherever they were  
23 coming from?

24 A. Right. Take them to the different clubs like  
25 Grove Isle or Grand Bay Hotel in Miami.

1 Q. Would the bank pick up the expenses for  
2 customers?

3 A. Most of the time.

4 Q. What would the bank do for them?

5 A. Just entertain them and please them.

6 Q. What kind of entertainment? What did it  
7 include?

8 A. Whatever the person wanted, just to please  
9 them. It's up to the person. If they want to shop,  
10 they'll pay for the shopping. If they want to go for a  
11 luxurious dinner, they can pay. If they want to go to a  
12 nightclub or Bahamas cruise or something, they buy for  
13 them.

14 Q. Did they ever procure women for them?

15 A. I believe they could provide that, too.

16 Q. A full-service bank?

17 A. A full-service bank all the time.  
18  
19  
20  
21  
22  
23  
24  
25

1 Q. We mentioned a couple of officials who visited  
2 the bank. Did any officials have accounts there? Do  
3 you know if any of those foreign government officials  
4 had accounts with the bank?

5 A. So far I don't know, but maybe outside of the  
6 country they might have accounts in Grand Cayman or  
7 somewhere just to protect them, out of Miami.

8 Q. Were there any direct contacts with Panama or  
9 Panamanians at the time you were working in Miami?

10 A. Panama was in Latin American region. They  
11 have different regions, and that was dealt by the other  
12 officers which is on the 15th floor, and I was working  
13 on the 19th floor. So, I didn't know much about. But I  
14 know the Panama branch manager Amjad Awan. He used to  
15 visit quite often in Miami.

16 Q. He would visit Miami frequently?

17 A. Yes.

18 Q. What was the difference of the operations on  
19 the different floors? You said you were on the 19th  
20 floor?

21 A. BCCI Miami and they have what you call Latin  
22 American region. That is called BCCI Latin American.  
23 So, there are separate two regions.

24 Q. Did they accept deposits at the other office,  
25 the other Latin American region office?

1 A. I believe so, but I don't have the proof of  
2 that. I don't know.

3 Q. Was there anybody like you who was dragging  
4 bags of money around?

5 A. Maybe.

6 Q. But you don't know?

7 A. I don't know.

8 Q. Did the employees of the two offices not  
9 socialize?

10 A. They are socialized, but there's 15th floor,  
11 19th floor, three floors different, and we don't know  
12 what's going on over there.

13 Q. You didn't see that on a regular basis?

14 A. Right.

15 MR. BLUM: Why don't we take a brief recess.

16 (Recess)

17 MR. BLUM: Back on the record.

18 BY MR. BLUM: (Resuming)

19 Q. I'd like to remind the witness that we  
20 continue under oath.

21 I'd like to ask you about a number of  
22 individuals who were named in the indictment and tell me  
23 whatever you can about those individuals as I mention  
24 their names.

25 Amjad Awan, who was he? What do you know

1 about him?

2 A. He was the Panama manager, and then he was  
3 switched from Panama to Washington, D.C. Quite a while  
4 he was in Washington, D.C. office. Then two months  
5 before I talk, he quit from BCCI and he ran from BCCI.

6 Q. This was a month before the indictment?

7 A. That's what I heard. I'm not sure about it.

8 Q. What about Syed Aftab Hussain? Do you know  
9 who that is?

10 A. No.

11 Q. Akbar Bilgral?

12 A. Bilgral was the Colombia manager for BCCI,  
13 and then he moved on from Colombia to Bogota branch to  
14 19th floor, Latin American region, and he was assigned  
15 there.

16 Q. Nazir Chinoy?

17 A. No, I can't know.

18 Q. Ian Howard?

19 A. No.

20 Q. Asif Baaka?

21 A. He's highly official elected, but I never met  
22 him.

23 Q. Saad Shafi?

24 A. He is the person who used to take Nassau  
25 branch money into Miami, and he used to sign on the

1 documents everywhere.

2 Q. Does he have a father employed by the bank?

3 A. His father is vice president or president of  
4 American region, Mr. Shafi.

5 Q. This is the son?

6 A. Son of his.

7 Q. What did he do explicitly again? He would  
8 bring cash into the bank?

9 A. No, no. He used to accept the money and sign  
10 as Bahamas, we received in the Bahamas branch, on the  
11 documents of Bahamas. He was the officer for their  
12 nonexistent Bahamas office.

13 Q. Iqbal Ashraf?

14 A. No, sir.

15 Q. Do you know Mr. Akbar, Mr. Z. A. Akbar?

16 A. S. A. Akbar? Yes. He's what you call -- his  
17 brother-in-law's chairman of the bank. Mr. Naqvi is  
18 the chairman of the bank. Mr. Akbar's sister is married  
19 with Mr. Naqvi.

20 Q. They're brothers-in-law?

21 A. They are related to each other.

22 Q. He used to be employed by the bank, is that  
23 correct?

24 A. He is the main man, taking care of Grand  
25 Cayman, which is head office of BCCI.

1 Q. Mr. Akbar is the man who took care of the  
2 Cayman office of BCCI?

3 A. Hey, I give the photograph to you.

4 Q. Did there come a time when he resigned to set  
5 up his own business, Capcom -- Mr. Akbar?

6 A. Cr Bilgrami.

7 Q. S. A. Akbar.

8 A. I don't know.

9 Q. But he was until he left running the Cayman  
10 office?

11 A. I don't think so. He is going to leave.

12 Q. You mentioned there was a lot of travel back  
13 and forth by Mr. Awan.

14 A. Every high official. If you look at their  
15 passport, they're involved in a lot of traveling. I  
16 don't even see Bank of America officials travel this  
17 much. Why I don't know. It looks suspicious to me.  
18 Everybody. The more high officials you go, the more  
19 frequent trip.

20 They can talk to London or anywhere on the  
21 telephone instead of traveling, but they do go  
22 physically all the time.

23 Q. Did you ever meet a man by the name of Ameer  
24 Lochi?

25 A. No.

1 Q. Have you heard of an oil company called  
2 Attock, Attock Oil Company, Pakistani oil company  
3 related to the bank?

4 A. No, sir. It maybe came after when I left.

5 Q. I'd like to go back to clarify something for  
6 the record.

7 When you mentioned prominent political people  
8 who came to the bank, what you're saying is that the  
9 manager of the bank was attempting to entertain them and  
10 cultivate them?

11 A. Right.

12 Q. There's no evidence that they brought money  
13 into the bank to be laundered or in any way or doing  
14 anything improper?

15 A. Right.

16 Q. Is that correct?

17 A. Right.

18 Q. You mentioned that Mr. Sakhia knew all about  
19 this, all about this activity because he started it?

20 A. I'm pretty sure as I'm talking to you, I'm  
21 sure he knew about everything.

22 Q. He is not named in the indictment. Does that  
23 surprise you?

24 A. It surprised me too much.

25 Q. Because he is the guy who really became this

1 activity?

2 A. He is the man who set up the network, and he  
3 is the man who -- what you call corrupted the officials.

4 Q. Were there many people who came to and from  
5 the office that you were in every day? Was it a busy  
6 office with a lot of people coming and going?

7 A. Yeah, most of the time.

8 Q. There were a lot of people coming and going?

9 A. Right.

10 Q. Who were these people? Were they Americans?

11 A. Most of them were Latin American, not American.

12 Q. Who were some of the large customers of the  
13 bank that you were aware of? We mentioned a  
14 construction firm.

15 A. Mr. Dukay, Bob Graham, North Miami General  
16 Hospital.

17 Q. Anyone else?

18 A. Another -- Diamond Knit wear. That's an  
19 industry. If you look into the BCCI Miami file, you'll  
20 find that printout of Miami branch. You'll see all the  
21 accounts of BCCI Miami accounts.

22 Q. In the documents that you gave us there's a  
23 reference to a company called Michigan Auto Products.  
24 Who are they?

25 A. They must be Michigan Auto Parts dealer.

1 Q. They had an account in BCCI Miami?

2 A. That's what the document shows. I don't see  
3 that.

4 Q. Are there any other people you can think of  
5 who did business with the bank who we should be aware of?

6 A. I couldn't follow you.

7 Q. Were there other people that we should be  
8 aware of who did business with the bank?

9 A. Basically they dealt with basic -- higher  
10 people for more money, they go for them.

11 Q. The very rich?

12 A. The very rich, the very influential. If  
13 you're not rich, if you're influential, no matter.  
14 They'll make you rich.

15 Q. I'd like you to look in the file of computer  
16 printouts for a document headed U.S. Dollar, 25  
17 February, 1984. Would you take a look at that. It's  
18 headed Kingston, Jamaica. Would you identify that  
19 document for the record, please.

20 A. This is BCCI Kingston, Jamaica, printout dated  
21 25 February, 1984.

22 Q. I'd like to have that marked as exhibit J.

23 (The document referred to  
24 was marked Exhibit J, for  
25 identification.)

1 BY MR. BLUM: (Resuming)

2 Q. Would you look at that and look at the  
3 references to cash and describe for us what this shows.

4 A. There is cash -- It says \$534,962. It was a  
5 receipt from BCCI, Kingston, Jamaica, to BCCI, Miami.  
6 There's another \$127,315 on 6 February through Federal  
7 Reserve Bank.

8 Q. In other words, some money would go through  
9 the Federal Reserve Bank?

10 A. Right.

11 Q. But some money would go in the form of just  
12 cash?

13 A. Right.

14 Q. And the cash was indicated on the transaction  
15 sheets?

16 A. Right.

17 Q. I notice that there is a cash handling charge  
18 for 30 January listed for handling the cash that's on  
19 the first page. Do you know what that entry would be  
20 about?

21 A. That is -- I believe that what the bank  
22 charged for the services from BCCI Jamaica.

23 Q. For handling the cash?

24 A. Right, from there to here.

25 Q. Was it your understanding that when large

1 amounts of cash were brought into the bank that there  
2 would be no interest paid on the deposit for some period  
3 of time as a way of paying for the service?

4 A. What I heard about the officials that were  
5 working, they take the money and they keep it with  
6 them. They do the business with them. They take money  
7 and after when they get the green light from other  
8 people or they get it deposited in Nassau branch or they  
9 transfer by flying it to Grand Cayman or Panama, after a  
10 while they said hey, your money is there, and you can  
11 start drawing interest on that.

12 For quite a while they don't pay anything.

13 Q. Was there also a technique for advancing them  
14 loans or making it look like the money was borrowed in  
15 the United States?

16 A. Yes. If you see in the different printouts,  
17 you see the block. The letter says block. That means  
18 that your deposit money is a block. But in the other  
19 printout you see that the bank has lent the same  
20 individual money on what they are paying interest, and  
21 the businessman claimed to the IRS that I paid this much  
22 interest, but what he had earned in Nassau branch nobody  
23 knows about it. They are claiming interest here, and  
24 they not paying what they earn over there.

25 Q. Taxes on the interest earned in the other

1 location?

2 A. Right. And the bank shows that I have given  
3 you clean draft. That is not clean overdraft. You had  
4 the money. You had 110 percent secure.  
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1 Q. You mentioned that one of the officers who was  
2 in New York left for London. Do you recall who that  
3 might have been? Was there any officer in New York who  
4 was moved to London during the course of your knowing  
5 about the bank?

6 A. He was in New York and moved to London.

7 Q. Or did I misunderstand you? Was there someone  
8 who was in New York when the indictment came but then  
9 traveled immediately to Miami and London -- the New York  
10 officer who came down to Miami?

11 A. Right.

12 Q. Who was that?

13 A. Mr. Sakhia.

14 Q. He's the guy who really does know what's going  
15 on?

16 A. Right. Everything.

17 Q. Did you tell the IRS about Mr. Sakhia?

18 A. Of course. I showed the same copy, and I  
19 showed the same document while he is saying in Nassau  
20 and there's no branch, and the other branch is taking  
21 money against the Nassau branch.

22 Q. Is there anything else that you would want to  
23 tell us about the BCCI operation that I have not raised  
24 with you or any points that you would like to make?

25 A. Sure. They are very influential, and that's



1 the way they work. Wherever they go, they cash the high  
 2 officials, the government officials, whether friendly or  
 3 bribe them or whatever, that's the main practice. Plus  
 4 after that, what I heard now after indictment, they are  
 5 going to hire Mr. Henry Kissinger as his lawyer to  
 6 represent, and they are going to sue the United States  
 7 government, that they indicted wrongfully and did  
 8 damages to their business and other things.

9 I don't know how they're going to do it.

10 Q. But you've heard that they're going to be very  
 11 aggressive in protecting themselves?

12 A. Yes. They talk about they made other people  
 13 in Miami and other communities, especially.

14 Q. You were very unhappy with your experience  
 15 with that bank?

16 A. And I'm still unhappy. I don't know why they  
 17 get the green card. Everybody come here without  
 18 anything. They hire the people. The United States give  
 19 the green card. They can hire American educated person,  
 20 professionals. You'll never see any key position any  
 21 American on that. I don't know why.

22 Q. All Pakistanis?

23 A. All Pakistani. They don't know nothing about  
 24 banking and they are branch manager, executive making  
 25 \$100,000 and over \$100,000 a year.

1 Q. Do you think that's because they're  
 2 trustworthy in this activity of moving large amounts of  
 3 cash?

4 A. I firmly believe so because there is no other  
 5 way. You pay what my capability is. If I'm \$20,000  
 6 worth and you're paying \$60,000 or \$80,000, eventually I  
 7 am doing something wrong for you or you're going to use  
 8 me somewhere else.

9 Q. And how many people were working in the Miami  
 10 office when last you talked to people about it?

11 A. Right now they have about 30 people in BCCI  
 12 Miami.

13 Q. That's the office you were in?

14 A. Right.

15 Q. The other one on the upper floor has even more  
 16 people?

17 A. The other one has about 20 persons, too.

18 Q. Is there anything else you want to tell us for  
 19 the record?

20 A. I want to see them behind the bar and license  
 21 cancelled. I would be very pleased. At least if not  
 22 all that, you lock into where they have been since 10  
 23 years. Great Britain never issue banking license to  
 24 them. Why? Because they are not a banker. They're  
 25 only serving a bank permit. They just can't do that,

1 and they are doing it. Why United States issue a  
 2 license for them when they are doing this kind of  
 3 business?

4 MP. BLLM: I have no further questions.

5 (Thereupon, at 11:30 p.m., the taking of the  
 6 instant deposition ceased.)  
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EX A  
 10-24-88  
 (2)

**BANK OF CREDIT AND COMMERCE INTERNATIONAL (OVERSEAS) LTD. No. 000895**  
 NASSAU BRANCH, NASSAU, BAHAMAS  
 FEB. 6, 1984

ACCOUNT NUMBER: **0101010101**

DEPOSIT CONFIRMATION  
 NOT NEGOTIABLE / NOT TRANSFERABLE

To: **DR. ALEEN MOHAMMED**

We confirm having received / received the following deposit:  
 AMOUNT (in figures) **\$955,871.63** (in words) **NINE HUNDRED FIFTY FIVE THOUSAND EIGHT HUNDRED SEVENTY ONE & 63/100**

Value date	Period	Maturity Date	Rate	Interest payable on maturity
FEB. 6/84	31 DAYS	MARCH 8/84	9.5625%	87,871.01

The above deposit will be automatically renewed with interest at the rate ruling at the time of the maturity for the period of 31 days prior to the above maturity date.

**F. BANK OF CREDIT AND COMMERCE INTERNATIONAL (OVERSEAS) LTD.**  
 NASSAU BRANCH, NASSAU

Authorized Signature: *[Signature]*  
 AUTHORIZED SIGNATURE

PHONE: 308 314 0777 TELE: 264688 BC/CI

E+ 6  
10-24-88  
②

**DEBIT VOUCHER**

Branch: MIAMI Date: Nov 15/88

**DEBIT EXPENDITURE ACCOUNT**

Head of Account: EMT Subsidiary Account: LOCAC

Amount in words: Three hundred sixty eight dollars

Full details of Expenses: as per Mr. Sakhia's bill

Bill No. & date: A. Sakia

Method of Payment:  Cash  Bill filed at Nov 15/88

Bill attached  Copy of bill attached  Bill filed at Nov 15/88

R.O. confirmation  Print approval obtained  Ref. GA-7/2/88

Authorized Signature: [Signature]

Signature: [Signature]

**PAID**

E+ 6  
10-24-88  
②

**DEBIT VOUCHER**

Branch: MIAMI Date: Jan 17 1989

**BANK OF CREDIT AND COMMERCE INTERNATIONAL (OVERSEAS) LIMITED**  
100 BRICKELL AVENUE, MIAMI, FLORIDA 33131  
PHONE: 305-374-0777 TELE: 305-374-0777

Account Number: 42200767

Amount: 1544.90.00

Value Date: 1/17/89

Reference your 42200767 being 42200767

Authorized Signature: [Signature]

Signature: [Signature]

TRAN NO: 01

**CREDIT VOUCHER**

**BANK OF CREDIT AND COMMERCE INTERNATIONAL (OVERSEAS) LTD.**  
Branch *Miami*

Customer Identification *BCC Jamaica*

Account Name \_\_\_\_\_

Amount in words *Five Hundred Dollars* Thousand

Amount in figures *500.00*

Value Date *JAN 16 1984*

Tran. Code *218*

Account No. *021000054*

Document No. \_\_\_\_\_

Amount *500.00*

Value Date *JAN 16 1984*

Tran. No. *218*

Authorized Signature *[Signature]*

Authorized Signature *[Signature]*

*Five Hundred Ninety Four Thousand Seven Hundred and Sixty Seven Dollars*

*was deposited Rec. on Jan 20 1984*

*CASH*

54 0  
10-24-84

**BANK OF CREDIT AND COMMERCE INTERNATIONAL (OVERSEAS) LTD.**  
Branch *Miami*

**CREDIT VOUCHER**

Date *Jan 17 1984*

Customer Identification *BCC Jamaica*

Tran. Code \_\_\_\_\_

Dept. \_\_\_\_\_

Account No. *021000054*

Account Name \_\_\_\_\_

Amount in words *Five Hundred Dollars* Thousand

Amount in figures *500.00*

Value Date *JAN 16 1984*

Tran. Code *218*

Account No. \_\_\_\_\_

Document No. \_\_\_\_\_

Amount *500.00*

Value Date *JAN 16 1984*

Tran. No. *218*

Authorized Signature *[Signature]*

Authorized Signature *[Signature]*

**RECEIVED**  
JAN 16 1984

**BANK OF CREDIT AND COMMERCE INTERNATIONAL (OVERSEAS) LIMITED**  
1200 BRICKELL AVENUE, MIAMI, FLORIDA 33131  
PHONE: 305-374-6777, TELEX: 34080, CABLE: BANCRECOM

**DEBIT VOUCHER**

Date *Jan 17 1984*

Customer Identification *BCC Jamaica*

Tran. Code *309*

Dept. *20*

Account No. *422100017*

Document No. *2020*

our Account has been debited as follows and amount paid to the beneficiary

Million	Hundred	Thousand	Hundred	Tens	Unit	Pence	Amount
							<i>414.90</i>

Reference your \_\_\_\_\_ Dated \_\_\_\_\_

Tran. No. *218*

Authorized Signature *[Signature]*

Authorized Signature *[Signature]*



Internal Revenue Service  
District Director

Department of the Treasury

Date: 3-30-84

Person to Contact:  
Referral Coordinator  
Contact Telephone Number:  
1-800-424-1040  
Refer Reply to:

Mr. Redman

Dear Taxpayer:

This letter acknowledges your recent request for tax information. Please see the box checked below.

- We have been unable to reach you by telephone to respond to your tax question. Unfortunately, we do not have enough details to answer your question by mail. Please call us back and restate your question.
- The answer to your question can be found in the enclosed material.

The following information will answer your question: *If you have information about someone who is withholding the amount of tax, you may want to call the IRS. If you will give the IRS the name of the person who withheld the tax, you will rather not come in, please call again and give a provision.*

If you need additional assistance, please call the telephone number shown above between 8:00 a.m. and 4:30 p.m., Monday through Friday. For additional forms or publications, please call 1-800-241-3860.

Sincerely yours,

*Rhudd L. Bolton*  
Referral Coordinator

*St. F*  
10-24-88  
(u)

400 West Bay St., Jacksonville, Fla. 32202

500-6-41 (7-83)

Form <b>211</b> Rev. November 1981 Department of the Treasury Internal Revenue Service	<b>Application for Reward for Original Information</b>	OMB Clearance No. 1545-0049 Expires 12/31/83 Form Number
---	--	--

This application is voluntary and the information requested enables us to determine and pay reward. We use the information to record a claimant's reward as taxable income, and to identify any tax outstanding (including that on a return filed jointly with a spouse) against which the reward would first be applied. We need social security numbers on this application in order to process it. Not providing the information requested may result in the suspension of the processing of this application. Our authority for asking for the information on this form is derived from 26 USC 6001, 6109, 6011, 7523, 7802, and 5 USC 301.

Name of claimant <b>AZIZ-UR-REHMAN</b>	Social security number
Name of spouse <b>REHMAN</b>	Social security number
Address, including ZIP code	

I am applying for a reward, in accordance with the law and regulations, for original information furnished, which led to the detection of a violation of the internal revenue laws of the United States and which also led to the collection of taxes, penalties, fines, and forfeitures. I was not an employee of the Department of the Treasury at the time I came into possession of the information nor at the time I divulged it.

Name of IRS employee to whom violation was reported <b>FRANK DiROCCO - Patricia Allow</b>	Title <b>SPECIAL AGENT</b>	Date violation reported (Month, day, year) <b>4-13-84</b>
Name of taxpayer who committed the violation <b>BANK OF CREDIT &amp; COMMERCE LTD -- AND OTHERS</b>		
Address, including ZIP code <b>1200 BRICKELL AVE MIAMI, FLORIDA</b>		

Under penalties of perjury, I declare that I have examined this application and my accompanying statements, if any, and to the best of my knowledge and belief they are true, correct, and complete. I understand the amount of any reward will represent that the District Director considers appropriate in this particular case.

*Aziz Rehman*  
Signature of claimant  
Date **4/13/84**

The following is to be completed by the Internal Revenue Service

Allowance of Reward		
District	Sum recovered	Amount of reward
	\$	

In consideration of the original information that was furnished by the claimant named above, which concerns a violation of the internal revenue laws and which led to the collection of taxes, penalties, fines, and forfeitures in the sum shown above, I approve payment of a reward in the amount stated.

Signature of District Director	Date
--------------------------------	------

Paperwork Reduction Act Notice

The Paperwork Reduction Act of 1980 says we must tell you why we are collecting this information, how we will use it, and whether you have to give it to us. We ask for the information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

*St. G*  
10-24-88  
(u)







VALUE	CHQ. NO	TSAN	NARRATIVE	DEBIT	CREDIT	BALANCE
			OPENING BALANCE			485,035.75
30 JAN			TRFR 3129 MIA		9,752.00	494,787.75
31 JAN			TRFR REF NIA 3132/3		8,880.22	
			TRFR TRF REF NIA 3130		50,000.00	
			TRFR MIA 3131		100.00	
31 JAN			CLRG CLG 000239 BCCM	1,000.00		553,586.77
			TRFR TCR DTB JAN 7		318.80	548,586.77
30 JAN			TRFR MLC 1077/84		5,000.00	
02 FEB			TRFR MIA 3151		50,000.00	
30 JAN			TRFR HARCING CHRG CRSH		1,068.00	
30 JAN			TRFR DEP OVER 1.00 JAN 27		1.00	
30 JAN			TRFR CASH JAN 27		30,000.00	
02 FEB			TRFR 3178 MIA		125.51	
02 FEB			TRFR 3178 MIA		103,796.05	1,058,611.23
18 JAN			CLRG CLG 000255	100,000.00		
			TRFR TRF	100,000.00		708,611.23
			TRFR BCCI JAMICA	150,000.00		
			TRFR BCCI TRF IBF	2,990.00		659,313.70
			TRFR BCC LON	47,057.53		
			TRFR 3216 MIA	9,890.00		
			TRFR 3217 MIA	28,840.00		
			TRFR 3219 20 MIA	830.56		
			TRFR 105 CK	1,092.20		
			TRFR 3220 MIA	1,000.00		
			TRFR 3221 MIA	492.45		
			TRFR 3222 MIA	1,200.00		
			TRFR 3223 MIA	337,350.00		
			TRFR 3215 MIA	302.79		743,088.70
			CLRG CLG 000200	100,000.00		
			TRFR TRF	127,315.00		
			TRFR TRF	54.12		
			CLRG CLG 000253	54.12		870,215.54
			CLRG CLG 000252	54.12		
			TRFR TRF	5.00		
			TRFR TRF	408.00		
			TRFR TRF	1,376.79		
			TRFR TRF	1,189.90		
			TRFR TRF	6,875.74		
			TRFR TRF	6,858.00		
			TRFR TRF	13,000.00		891,898.54

VALUE	CHQ. NO	TRAN	NARRATIVE	DEBIT	CREDIT	BALANCE
			TRFR 947 AC 01004256	14,880.00		917,588.54
			TRFR TRF	53,511.11		
			TRFR TRF	534,779.00		
			TRFR TRF	100.00		
			TRFR TRF	7,021.00		
			TRFR TRF	10,970.00		
			TRFR TRF	247,863.18		
			TRFR TRF	12,810.00		111,012.61
			TRFR TRF	205,176.00		
			TRFR TRF	200,000.00		
			TRFR TRF	17,000.00		
			TRFR TRF	17,000.00		
			TRFR TRF	64,100.00		791,329.61
			TRFR TRF	200,000.00		
			TRFR TRF	1,088.00		195,361.61
			TRFR TRF	20,800.00		
			TRFR TRF	10,239.32		
			TRFR TRF	1,576.37		
			TRFR TRF	1,180.00		
			TRFR TRF	786.73		
			TRFR TRF	339.63		
			TRFR TRF	3720.00		
			TRFR TRF	9,460.00		177,119.01
			TRFR TRF	1,181.14		
			TRFR TRF	2,735.00		
			TRFR TRF	800,000.00		300,495.83
			TRFR TRF	300,000.00		
			TRFR TRF	300,000.00		
			TRFR TRF	311,494.13		233,606.01
			TRFR TRF	30.00		
			TRFR TRF	20.00		
			TRFR TRF	50.00		
			TRFR TRF	31.00		
			TRFR TRF	78,477.00		155,129.01

DATE	ALUE	CHQ-NO	TRAM	NARRATIVE	DEBIT	CREDIT	BALANCE
							146,707.78 DB
				STATE FORWARD BALANCE			
14FEB				TRF JAMAICA	20.00		
14FEB				TRF JAMAICA	20.00		
				TRF JAMAICA	27000.00		
				TRF JAMAICA		50,000.00	
				TRF JAMAICA		36,549.45	
22FEB				TRF JAMAICA		50,973.33 DB	
22FEB				TRF JAMAICA		21.00	
14FEB				TRF JAMAICA		285.00	
08FEB				TRF JAMAICA		300,000.00	
08FEB				TRF JAMAICA		300,000.00	
				TRF JAMAICA		549,312.67	
17FEB				TRF JAMAICA		21,110.00	
				TRF JAMAICA		130.00	
17FEB				TRF JAMAICA		2,201.00	
17FEB				TRF JAMAICA		412.00	
				TRF JAMAICA		1,060.00	
				TRF JAMAICA		942.31	
				TRF JAMAICA		14,983.30	
				TRF JAMAICA		5,011.84	
				TRF JAMAICA		1,865.41	
				TRF JAMAICA		7000	
				TRF JAMAICA		1,181.07	
				TRF JAMAICA		4,680.21	
				TRF JAMAICA		1,002,690.11	
				TRF JAMAICA		310.00	
				TRF JAMAICA		200,770.17	
				TRF JAMAICA		1,267,945.78	
				TRF JAMAICA		1,267,945.78	

Type 3



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
CRIMINAL INVESTIGATION DIVISION

*536-6824*  
**RODNEY E. CLARKE**  
SPECIAL AGENT

81 S.W. FIRST AVENUE, ROOM 600  
MIAMI, FLORIDA 33130  
305-250-2554 PFB: 8-250-2561  
*536-6824*



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
CRIMINAL INVESTIGATION DIVISION

**PATRICIA F. ALLEN**  
SPECIAL AGENT

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305-250-2554 *5361*



**PERCIVAL R. TODD**  
Vice-Consul  
Jamaican Consulate General

Ingram Building  
25 S.E. Second Avenue  
Miami, Florida 33131

Office (305) 374-8431  
Home (305) 620-7968



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
CRIMINAL INVESTIGATION DIVISION

**FRANK N. DIROCCO**  
SPECIAL AGENT

FEDERAL OFFICE BUILDING  
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(305) 250-2561



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
CRIMINAL INVESTIGATION DIVISION

**ALAN R. KOBYLANSKI**  
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**MARIE R. WRAY**  
Consul  
Jamaican Consulate General

Ingram Building  
25 S.E. Second Avenue  
Miami, Florida 33131

Tel. (305) 374-8431



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
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## DEPOSITION OF WERNER LOTZ OCTAVIO

Friday, April 8, 1988

U.S. Senate  
 Committee on Foreign Relations  
 Subcommittee on Terrorism,  
 Narcotics and International  
 Operations  
 Washington, D.C.

The Subcommittee met at 10:20 a.m. in Room SH-216, Hart  
 Senate Office Building, Jack Blum presiding.

Present: Senator Kerry.

Also Present: Jack Blum, Subcommittee Staff.

Mr. Blum: I think in view of the time pressures we are  
 under -- Senator Kerry is on his way, but I think we should  
 start.

If you would please stand, Mr. Lotz, and would you raise  
 your right hand. Do you swear to tell the truth, the whole  
 truth, and nothing but the truth, so help you God?

Mr. Lotz: I do.

TESTIMONY OF WERNER LOTZ OCTAVIO

ACCOMPANIED BY:

NEAL RANDOLPH LEWIS, ESQ., COUNSEL

Mr. Blum: Would you state for the record your full  
 name?

Mr. Lotz: Werner Lotz Octavio.

Mr. Blum: And how old are you?

Mr. Lotz: 37.

Mr. Blum: Now, are you presently incarcerated in the  
 federal prison system?

Mr. Lotz: I am.

Mr. Blum: What is the sentence you are serving?

Mr. Lotz: I'm serving a four year sentence.

Mr. Blum: And what is that for?

Mr. Lotz: Conspiracy to violate the Travel Act and  
 conspiracy for drugs.

Mr. Blum: And when did you begin serving this sentence?

Mr. Lotz: I was incarcerated the 5th of December, 1985.

Mr. Blum: I would like to go back to your background in  
 the aircraft business and your career as a pilot. Where did  
 you learn how to fly?

Mr. Lotz: I learned how to fly in Costa Rica and got my  
 training in the United States.

Mr. Blum: And what were your first jobs as a pilot?

Mr. Lotz: My first job as a pilot started in -- about 15

1 years ago with Taxi Aerio, which the owner of the company was  
2 Pat Hatch. And I flew with Robert Vesco.

3 And from then I moved to another company which was called  
4 Compania Juyjuy Americana, and I flew Mr. Dan Fowley. And  
5 from there I got my own company later, which was called  
6 Sacsa.

7 Mr. Blum: Sacsa?

8 Mr. Lotz: Sacsa, S-a-c-s-a.

9 Mr. Blum: Now let me go to the period when you flew for  
10 Bob Vesco. How did you get the job with Robert Vesco?

11 Mr. Lotz: Well, initially Mr. Vesco was -- when he came  
12 to Costa Rica, he had his own pilots, Mr. Wally Catcher and  
13 Mr. Fred Foster. At that time, Mr. Vesco was having several  
14 problems and they stole most of his aircraft. They took the  
15 707, and he had a Learjet, a Sabliner. Eventually all the  
16 aircrafts were taken from him.

17 So he was flying with Mr. Pat Hatch from Taxi Aerio. And  
18 since I was the most qualified pilot down there with Pat, I  
19 became his copilot. And that's the way I started flying for  
20 him.

21 Mr. Blum: What did you do as the pilot? How many trips  
22 did you make and over what period of time?

23 Mr. Lotz: That would be very hard to recall exactly. In  
24 hour times, we refer as hours, flown hours, maybe 500 hours  
25 flying time. We flew several times into Fort Lauderdale,

1 Morristown, New Jersey. We flew into Nassau. We went  
2 basically all over the place, not with him, of course, but  
3 with his family.

4 Mr. Blum: With his family?

5 Mr. Lotz: Yes, sir.

6 Mr. Blum: Did there ever come a time when you flew him  
7 to Norman's Key in the Bahamas?

8 Mr. Lotz: No, sir.

9 Mr. Blum: Did you ever fly him to the Middle East?

10 Mr. Lotz: The Middle East? Me, no. No, the crew at  
11 that time that was flying to the Middle East on the 707 was  
12 Ike Eisenhower, which was the captain; and the copilot, his  
13 name was Werner, but it's not Werner Lotz.

14 Mr. Blum: Now, did there come a time when you became the  
15 pilot for senior Costa Rican government officials?

16 Mr. Lotz: Yes, I was the personal pilot of President  
17 Caraso.

18 Mr. Blum: And was that the first time you had become a  
19 pilot for a government official in Costa Rica?

20 Mr. Lotz: Well, I wouldn't say that. I flew as a  
21 copilot for Daniel Oduber for a long time.

22 Mr. Blum: For the record, Daniel Oduber was President of  
23 Costa Rica?

24 Mr. Lotz: Daniel Oduber was an ex-President of Costa  
25 Rica.

1 Mr. Blum: And how did you fly for him? Was that as part  
2 of the government or was that while he was in office or out  
3 of office?

4 Mr. Lotz: No, at that time I'm sure you're aware the  
5 Costa Rican government was not very well funded. So the  
6 President does not have an airplane. So Pat Hatch gave his  
7 aircraft to Mr. Oduber to fly. As a matter of fact, if I  
8 recall correctly, Vesco's aircraft, which was -- I don't  
9 remember right now the identification of the aircraft. It  
10 was a Navajo which was purchased by Mr. Vesco, was flown down  
11 there.

12 And then Daniel Oduber used that airplane for his  
13 personal use or we used to fly him up and down in that  
14 airplane.

15 Mr. Blum: So Oduber used Vesco's plane to get around  
16 Costa Rica?

17 Mr. Lotz: That's right.

18 Mr. Blum: And what year would this have been, or years?

19 Mr. Lotz: I am terrible for time framing. But it was  
20 during the presidency of Daniel Oduber. That was --

21 Mr. Blum: '76-'77?

22 Mr. Lotz: Yes, approximately '76-'77, right.

23 Mr. Blum: And then you became the personal pilot for  
24 President Caraso, and what was that period? Would that have  
25 been roughly '80, 1980?

1 Mr. Lotz: Okay, let me recall here. I was married in  
2 1979 and I was already flying for him, so it has got to be  
3 earlier.

4 Mr. Blum: '78?

5 Mr. Lotz: '78, '77.

6 Mr. Blum: '78 to what, '81-'82?

7 Mr. Lotz: Three years.

8 Mr. Blum: Did you become in that capacity the head of  
9 the Costa Rican air arm?

10 Mr. Lotz: Could you say that again?

11 Mr. Blum: Did you become the head of the Costa Rican air  
12 arm, or whatever it was called?

13 Mr. Lotz: Well, if such a thing exists, yes, I was in  
14 charge.

15 Mr. Blum: And then you said you went into a private air  
16 taxi business that was your own business, is that correct?

17 Mr. Lotz: No. Well, let's see. As best as I can recall  
18 here, first it was Pat Hatch. With Pat Hatch I was flying  
19 with Mr. Vesco, okay. At that time I knew President Oduber.  
20 After that, I worked for JuyJuy. That's J-u-y-j-u-y.

21 Mr. Blum: And then, go ahead.

22 Mr. Lotz: And then I started with Sacsa.

23 Mr. Blum: And Sacsa is your company?

24 Mr. Lotz: Yes.

25 Mr. Blum: Now, what did your company do?

1 Mr. Lotzi: Well, my company was started as a charter  
2 service, okay. We take care of all the tourists that  
3 arrive. And once again, since I knew a lot of the people  
4 which kept flying into Costa Rica for tourism, since I had  
5 been since the beginning with the carter service with Pat  
6 Hatch, I knew most of the people that owned the fishing camps  
7 and all of the big resorts.

8 And so all of the people just moved over to my company.

9 Mr. Blum: Now, what kind of aircraft did you have with  
10 your air taxi company?

11 Mr. Lotzi: Okay. I started with an Aztec. Let's see,  
12 three Aztecs -- I'm sorry, two Aztecs, one Navajo, one  
13 Seneca, and a Comander.

14 Mr. Blum: Would it be fair to say that your position in  
15 Costa Rica was such that you knew a good deal about who was  
16 flying in and out of the country and what was going on in the  
17 aviation activity in the country?

18 Mr. Lotzi: I would say so.

19 Mr. Blum: We have had extensive testimony about the  
20 activity of a number of pilots who came in and out of Costa  
21 Rica, and I would like to begin by asking you about a pilot  
22 who has been much discussed in previous hearings, Cesar  
23 Rodriguez.

24 Have you ever met Cesar Rodriguez?

25 Mr. Lotzi: No, sir.

1 Mr. Blum: Do you know who he is?

2 Mr. Lotzi: Not really, not really, not Cesar Rodriguez.  
3 A lot of the people we know we know by face and we know by  
4 other names, okay. But the name Cesar Rodriguez I can't  
5 recollect.

6 Mr. Blum: Were you aware of arrangements that were made  
7 to ship weapons from Panama to the Salvadoran guerrillas?

8 Mr. Lotzi: Yes, sir, I was.

9 Mr. Blum: You were?

10 Mr. Lotzi: Yes.

11 Mr. Blum: And what do you know about those  
12 arrangements?

13 Mr. Lotzi: Well, the arrangements became an arrangement  
14 at the end, because initially the weapons were flown from  
15 Cuba into Panama and into Costa Rica.

16 Mr. Blum: And where were they flown to in Costa Rica?

17 Mr. Lotzi: To Llano Grande in Guanacaste province.

18 Mr. Blum: An airport in Guanacaste province?

19 Mr. Lotzi: Right.

20 Mr. Blum: And then where were they taken?

21 Mr. Lotzi: From Llano Grande they would be trucked to the  
22 frontier in different areas where we had the camps off -- and  
23 now we're talking right now of the first part of the  
24 revolution, okay.

25 Mr. Blum: You're talking now not about the revolution in

1 Salvador? You're talking about the Sandinista attempt to  
2 overthrow the government of Somoza?

3 Mr. Lotz: Right now what we're talking about is the  
4 first part, when Somoza was still in power.

5 Mr. Blum: Somoza was still in power. There is now a  
6 Sandinista rebellion against Somoza?

7 Mr. Lotz: Right. Not the contras, but the Sandinistas.

8 Mr. Blum: And you became aware that there were weapons  
9 being shipped from Cuba to Panama and then from Panama to  
10 Liano Grande, trucked to the frontier?

11 Mr. Lotz: I was not only aware. I flew them. I know  
12 exactly what was going on.

13 Mr. Blum: Who did you fly for? Who was paying you and  
14 who did the chartering?

15 Mr. Lotz: Well, that's a complicated question, because  
16 there's multi-facets to the question. The money was coming  
17 from all over the place. Sometimes we would not be paid,  
18 sometimes we would be paid in excess. Sometimes the money  
19 would come from Cuba, okay. That was at the very end.

20 And sometimes we would be paid by Eden Pastora himself,  
21 whenever the cash flow was sufficient.

22 Mr. Blum: Now, in the course of that activity did you  
23 meet Jose Angel Guerra and his father, Pijique Guerra?

24 Mr. Lotz: Well, my relation with the Guerras has not  
25 been a very good one. It never has, much less now since they

1 own a charter service and I own one. And he took initially  
2 Pat Hatch's customers and then I took his customers away once  
3 again.

4 Mr. Blum: So you were active competitors?

5 Mr. Lotz: Well, in the last years, yes, we were.

6 Pijique Guerra during the time of the first revolution,  
7 the Sandinista revolution, was the man that was really active  
8 and involved in carrying weapons and sending his aircraft  
9 into Havana, okay.

10 And he would send his five or six Aztecs, as best I can  
11 recall, to Panama and from there we would load up the  
12 weapons, put them in the Aztecs, and fly them into --  
13 sometimes, depending on the conditions, we would fly into El  
14 Coco, which they were warehoused in Base Ocho. Or they would  
15 be taken to Liano Grande, depending on the need.

16 Plastics, C-4 plastics, and at that time the mortars, 130  
17 millimeters, and all type of mortars, bazookas, and heavy  
18 weapons were flown directly to Liano Grande. From there they  
19 were trucked to the frontier. And we would do some night  
20 flights or evening flights into certain strips in Managua.

21 Mr. Blum: Now, this was in the period of time when the  
22 Somoza government was in power and the Sandinista rebellion  
23 was under way?

24 Mr. Lotz: That's right.

25 Mr. Blum: Now, when that was completed, when the Somoza

1 government fell, did weapons shipments into Costa Rica  
2 continue?

3 Mr. Lotz: Let me see. No. May I proceed?

4 Mr. Blum: Yes, please.

5 Mr. Lotz: For a time, yes. I can tell you exactly,  
6 because all of those weapons were stored where I was, which  
7 was Base Ocho.

8 Mr. Blum: Were there weapons left over?

9 Mr. Lotz: A lot of them.

10 Mr. Blum: In storage, after that war ended?

11 Mr. Lotz: A lot.

12 Mr. Blum: A lot?

13 Mr. Lotz: A lot.

14 Mr. Blum: What happened to those weapons?

15 Mr. Lotz: They were sold, they were stolen. Then was  
16 the beginning of the private dealers, and then a whole bunch  
17 of people that were related with the government that had  
18 access to the guns, that had access to the government people,  
19 would take batches of weapons.

20 Mr. Blum: Who were those weapons sold to?

21 Mr. Lotz: To individuals in the zone. Okay, there was  
22 at that time a fear of a government strike, to overthrow the  
23 government. So certain groups were trying to buy arms. At  
24 that time there was more or less a black market in weapons  
25 that happened. Everybody was buying weapons from the

1 government people.

2 Mr. Blum: We have had testimony that the former security  
3 minister of Costa Rica, Johnny Echevarria, was one of the  
4 people who dealt in these weapons. Is that testimony  
5 accurate?

6 Mr. Lotz: To my best knowledge, yes, it is. It would be  
7 him and Enrique Monte Allegre.

8 Mr. Blum: And did they sell any of these weapons to the  
9 Salvadorans, as we have had previous testimony?

10 Senator Kerry (presiding): Did you know for a fact that  
11 Johnny Echevarria did that? Did you transact with him?

12 Mr. Lotz: If I ever did any direct transactions, no,  
13 sir. Did I ever see money paid to him, no, sir.

14 Senator Kerry: So how do you know that?

15 Mr. Lotz: Once again, I was very well connected with the  
16 government. I was working with all these people, and it is  
17 just the talk among the Vice President, the President, and  
18 the ministers.

19 I used to fly all those people around.

20 Senator Kerry: And describe some of the talk so that we  
21 can understand the precision with which you say that he was  
22 doing that?

23 Mr. Lotz: Well, the talks are concerned about if weapons  
24 should be kept or brought out from Panama and be housed in  
25 Costa Rica, or should it be stopped, because at that time



1 there were some people at the American embassy that were very  
2 much concerned with the amount of weapons left over.

3 The concern arose because the weapons were mostly all  
4 communist weapons. We're talking about Chinese, Red China,  
5 mortars, and all weapons that derived from Havana, Cuba. So  
6 that was basically the talks, that they should be bringing  
7 them or they should stop or fly it directly from Panama into  
8 El Salvador.

9 Mr. Blum: Now, did there come a time when you became  
10 aware of Panamanian pilots who were flying these weapons out  
11 of Costa Rica to Salvador?

12 Mr. Lotz: Out of Costa Rica? No, sir, I couldn't say  
13 that, no.

14 Mr. Blum: You personally do not know about that?

15 Mr. Lotz: I knew of Panamanian aircraft landing in our  
16 base and landing in Liano Grande.

17 Mr. Blum: Landing in Liano Grande. Do you know who the  
18 pilot of that aircraft was?

19 Mr. Lotz: No. There were several, several airplanes.

20 Mr. Blum: Did you ever meet a pilot named Theofilo  
21 Watson?

22 Mr. Lotz: I never met him personally. I know of  
23 Theofilo.

24 Mr. Blum: What do you know about him?

25 Mr. Lotz: The only thing I know of Theofilo is what I

1 have heard while I was incarcerated in Miami.

2 Mr. Blum: I'm not interested in that. I wonder if you  
3 knew of him in Costa Rica because of his activities?

4 Mr. Lotz: No.

5 Mr. Blum: Let me just ask you, what did you hear about  
6 him in MCC for our purposes, because we are going to pursue  
7 many leads? What were you told at MCC about Theofilo  
8 Watson?

9 Mr. Lotz: Okay, Theofilo Watson, Chilo -- I know him by  
10 the name of Chilo -- and that group of people, they were with  
11 a group that were moving drugs from Colombia, through Panama,  
12 through Costa Rica, into Mexico. And that was part of the  
13 organization.

14 Mr. Blum: Did you become aware as a pilot and someone  
15 with many government connections of the movement of drugs  
16 through Costa Rica up toward the United States? Were there  
17 drug pilots going through Costa Rica, transshipping through  
18 Costa Rica?

19 Mr. Lotz: Costa Rica was basically used -- we were  
20 talking now in the first revolution or during the second  
21 revolution?

22 Mr. Blum: Let's break it into different times. Let's  
23 start with the first revolution.

24 Mr. Lotz: No.

25 Mr. Blum: Were there any drugs then?

1 Mr. Lotz: During the first time, no, sir.

2 Mr. Blum: And then there was a period where that  
3 revolution is over and now we get contra revolution and  
4 there's a southern front.

5 Mr. Lotz: Right.

6 Mr. Blum: What happened there? Were there drugs  
7 transshipped there?

8 Mr. Lotz: Well, yes, there were drugs at that time.

9 Mr. Blum: Go ahead, please.

10 Mr. Lotz: At that time, things went totally  
11 unorganized. There was no money. There were too many  
12 leaders and too few people to follow them, and everybody was  
13 trying to make money as best they could.

14 Mr. Blum: And what happened?

15 Mr. Lotz: So the peoples, the people that were flying in  
16 the weapons used and made contacts with certain people in  
17 Costa Rica to be able to use their airfields as a jump point  
18 to carry drugs for them, for refueling stops.

19 Mr. Blum: Now, let's try to get precise about who and  
20 where and what. First of all, what airstrips were being used  
21 for these flights of weapons in for that contra support?

22 Mr. Lotz: Well, the biggest strip that was used was John  
23 Hull's strip in the northern part of the country.

24 Mr. Blum: And were there other strips used? Are we  
25 talking about John Hull's strip at his farm or John Hull's

1 strip at Monico?

2 Mr. Lotz: No, at his farm.

3 Mr. Blum: At his farm?

4 Mr. Lotz: At his farm, yes.

5 Mr. Blum: And that strip was used to fly weapons in, is  
6 that correct?

7 Mr. Lotz: Weapons in.

8 Mr. Blum: Now, you said -- and what period of time are  
9 we talking about?

10 Mr. Lotz: Now we're talking about the second period,  
11 shortly after Eden Pastora leaves Managua.

12 Mr. Blum: Which would have been 1982?

13 Mr. Lotz: I can't recall.

14 Mr. Blum: You can't put a precise time on it?

15 Mr. Lotz: No.

16 Mr. Blum: But now there are planes flying in. They have  
17 weapons. Where are those planes coming from?

18 Mr. Lotz: Okay, the planes are coming now once again  
19 from Panama. All -- most of the weapons that I was aware of  
20 were coming out of the Panamanian air force, out of Tecumen,  
21 Panama.

22 Mr. Blum: So these weapons are coming from Panama into  
23 Costa Rica, into Hull's place?

24 Mr. Lotz: Right.

25 Mr. Blum: And who were the pilots who were doing this

1 flying? Are they Americans or are they Panamanians?

2 Mr. Lotz: All kind of pilots now. Okay, we have all  
3 kind of pilots. We have American pilots, we have Panamanian  
4 pilots, we have Colombian pilots. There are pilots from all  
5 over the place.

6 You see, the group, the original group that was during  
7 the first revolution was totally finished now. The second  
8 revolution is a revolution, more than a revolution, a  
9 revolution for money.

10 So everybody is involved. I mean, there's not just one  
11 specific group funneling funds and weapons. It is different  
12 groups coming in with weapons, funds, and drugs.

13 Mr. Blum: Was one of the pilots who flew at this period  
14 Floyd Carlton?

15 Mr. Lotz: Once again, I heard of Carlton and I  
16 understand that, yes. There was also a pilot during that  
17 time that was flying with him which is in jail in Costa Rica  
18 right now.

19 Mr. Blum: Who is that?

20 Mr. Lotz: He was arrested again.

21 Mr. Blum: Is that Heraldo Duran?

22 Mr. Lotz: Duran, right.

23 Mr. Blum: And he was flying?

24 Mr. Lotz: Right.

25 Mr. Blum: And this would have been from Panama to Costa

1 Rica with weapons?

2 Mr. Lotz: Right.

3 Mr. Blum: Now, go ahead.

4 Mr. Lotz: That was through Pijique Guerra. He had an  
5 airplane which was a Titan at that time, prepared with long  
6 range tanks.

7 Mr. Blum: This was Pijique Guerra's airplane?

8 Mr. Lotz: No, it was Duran's aircraft.

9 Mr. Blum: Duran's aircraft.

10 Mr. Lotz: Yes.

11 Mr. Blum: And how did Pijique Guerra fit into that?

12 Mr. Lotz: Because he was -- this aircraft was kept in  
13 Pijique Guerra's hangar, and it was fueled by the Guerras.

14 Mr. Blum: And which hangar was this? A hangar at Llano  
15 Grande or Philadelphia?

16 Mr. Lotz: No, this is the hangar right in the airport at  
17 Coco.

18 Mr. Blum: Which airport?

19 Mr. Lotz: International airport.

20 Mr. Blum: Weapons now are moving from Panama to Costa  
21 Rica. They're coming into John Hull's farm. Where did the  
22 drugs come in? Where did the drugs fit into this traffic?

23 Mr. Lotz: Okay, the drugs were flown into certain strips  
24 close to the border of Nicaragua, okay. Some drugs were  
25 flown into John Hull's ranch, okay. I must say, I did not

1 see personally any drugs flown into the ranch.

2 Senator Kerry: How do you know they were flown in?

3 Mr. Lotz: Because of the pilots that flew the drugs in.

4 Senator Kerry: Which pilots?

5 Mr. Lotz: There were some Colombian pilots and some  
6 Panamanian pilots. There were two air force Panamanian  
7 pilots, anyway dressed in Panamanian military uniforms.

8 Mr. Blum: And they flew the drugs into these strips  
9 along the border. Do you know, what are those strips  
10 called? What are the names of those strips?

11 Mr. Lotz: Let me see if I remember.

12 Los Chiles de Upala.

13 Mr. Blum: Los Chiles, which is right up on the border?

14 Mr. Lotz: Yes, it's close to the border.

15 Mr. Blum: Do you remember the names of any others?

16 Mr. Lotz: Then there was one close to Los Chiles called  
17 -- that was, there was an aircraft accident there involving a  
18 Titan that had an accident there. It was called -- I don't  
19 recall at this moment. I will recall further on.

20 Mr. Blum: We have an aeromap which we will bring in so  
21 that you can look at it.

22 Senator Kerry: Excuse me. Mr. Lotz, if I can for a  
23 minute, where did the weapons originate from? These weapons  
24 come, you say, from Panama. Where did they come from to  
25 Panama, do you know?

1 Mr. Lotz: They came from the red market -- excuse me,  
2 from the black market, not from the red market. From the  
3 black market. They came in through Panama.

4 Some were American-made weapons. Most of them were  
5 AK-47's, which was the big weapon that was used by the  
6 contrarevolution.

7 Senator Kerry: Did the AK-47's come from East European  
8 bloc countries?

9 Mr. Lotz: I wouldn't know.

10 Senator Kerry: You don't know?

11 Mr. Lotz: I don't know.

12 Senator Kerry: Did you know Mike Herarre?

13 Mr. Lotz: No, sir.

14 Senator Kerry: The name doesn't mean anything to you?

15 Mr. Lotz: No.

16 Mr. Blum: Now, we were talking about drugs coming into  
17 these strips.

18 Mr. Lotz: Right.

19 Mr. Blum: And who would pick those drugs up and fly them  
20 out, or was it simply a stop for refueling and then going  
21 on?

22 Mr. Lotz: It was a stop for refuel basically. The  
23 aircrafts would land, there would be fuel waiting for them,  
24 and then they would depart from there. They would come in  
25 with weapons and with drugs.

1 There was a change, you know, the allowing of the  
2 aircrafts to land to drop the weapons and to proceed with the  
3 drugs. Or to better explain, the landing fees, to put it  
4 this way, were paid with weapons.

5 Mr. Blum: So the way these guys got to pay for the use  
6 of the strip and the refueling was to drop off weapons for  
7 the people who controlled the strips, is that a fair way of  
8 putting it?

9 Mr. Lotz: That would be fair, yes. That would be  
10 correct.

11 Mr. Blum: And where did the drugs go from there? Where  
12 did these pilots then fly to?

13 Mr. Lotz: As I know, there were two alternate routes.  
14 One was the Bahamas route and one was the Mexican route.

15 Mr. Blum: In other words, some of the drugs went up to  
16 the Bahamas and some of the drugs went up to Mexico?

17 Mr. Lotz: Right.

18 Mr. Blum: Presumably for later transshipment to the  
19 United States, is that correct?

20 Mr. Lotz: I wouldn't know. I would imagine.

21 Mr. Blum: Now, did you ever meet Floyd Carlton?

22 Mr. Lotz: No, sir.

23 Mr. Blum: You never met him?

24 Mr. Lotz: No.

25 Mr. Blum: Did you hear about him?

1 Mr. Lotz: Yes.

2 Mr. Blum: What did you hear about him?

3 Mr. Lotz: Floyd Carlton is part of the same group of the  
4 Alzprua, Tony Alzprua, and he belongs to -- there was a pilot  
5 there called Mickey also. I don't know his last name.

6 Mr. Blum: And was he involved, to your knowledge, in the  
7 shipment of drugs?

8 Mr. Lotz: They were involved in the Colombian connection  
9 that was flying through Costa Rica into Mexico.

10 Mr. Blum: Now, what was that Colombian connection? Who  
11 were the Colombians who were coming into Costa Rica?

12 Mr. Lotz: On the Alzprua group?

13 Mr. Blum: Yes.

14 Mr. Lotz: I don't know. I wouldn't know.

15 Mr. Blum: Were there other Colombians in other groups of  
16 which you were aware?

17 Mr. Lotz: There was one group which was the M-19 group  
18 initially that was flying out of a strip which I had provided  
19 at that time. That was about two years ago in Miami, I  
20 provided the American embassy down there with a map and a  
21 satellite picture of one of the strips that was going to be  
22 used on a 700 kilo cocaine trip that was going to depart from  
23 Colombia and come through Costa Rica.

24 And we also provided the time of departure and how the  
25 whole thing was going to take place. How did I know this was

1 through my old group of first revolution that were still  
2 involved, once again trying to fight, to get now the  
3 communists out of the country.

4 I was provided with some intelligence pictures that were  
5 taken by these people and were fixed in parallels and  
6 coordinates to be the exact point. My information was  
7 disregarded. Nothing was done, because they said that they  
8 couldn't do anything about it.

9 Mr. Blum: What was the date of this, do you remember?  
10 Do you have even a rough idea of the date?

11 Mr. Lotz: Just one second.

12 [Witness confers with counsel.]

13 Mr. Lotz: I would say, sir, early '86.

14 Mr. Blum: Early '86?

15 Mr. Lotz: Yes.

16 Mr. Blum: And you provided this information?

17 Mr. Lotz: I brought several information, as a matter of  
18 fact. I not only provided that strip which M-19 was using,  
19 because certain strips that were being used in Colombia were  
20 not secure any more because they thought that certain people  
21 of the U.S. intelligence were controlling those strips. And  
22 so they made this new strip, which was qualified to land a  
23 DC-6. That's a very heavy aircraft.

24 Mr. Blum: And where was this strip that you're talking  
25 about?

1 Mr. Lotz: If I had a map --

2 Mr. Blum: We will shortly have here an aeronaut that we  
3 can use to have you show, have you show us exactly where that  
4 is.

5 I would like to go back. You said that this was M-19  
6 that was doing it?

7 Mr. Lotz: Say again?

8 Mr. Blum: Did you say that this was an operation  
9 controlled by M-19?

10 Mr. Lotz: M-19 was going to supply the drugs.

11 Mr. Blum: They were going to supply the drugs?

12 Mr. Lotz: Yes.

13 Mr. Blum: And what were they going to get, just funds or  
14 weapons or what?

15 Mr. Lotz: It was an arrangement at that time. They  
16 needed help. I mean, at that time there was no money at  
17 all. And M-19 said they could come up with drugs and  
18 weapons, which the weapons they could keep. The drugs they  
19 could sell to help support the revolution.

20 Mr. Blum: And do you know where they were going to get  
21 the drugs? Was this from the cartel people?

22 Mr. Lotz: At this time I was in jail, sir.

23 Mr. Blum: You were in jail, so you didn't know?

24 Mr. Lotz: I asked them if they needed any follow-up. I  
25 would be able to provide the whole follow-up, the whole

1 operation.

2 Mr. Blum: We have the map now, and what I would like to  
3 do is ask that that be brought down and give you a chance to  
4 inspect it.

5 Mr. Lotz: Could I please have the map.

6 Mr. Blum: The map is an aeronautical map of Costa Rica  
7 and the southern portion of Nicaragua. Is this the standard  
8 aeromap, Mr. Lotz?

9 Mr. Lotz: Well, this is not my idea of a map, but it  
10 will suffice. I mean, it is an official map, but that's no  
11 problem.

12 Mr. Blum: Okay. Now, where was the strip you were  
13 talking about that was going to be used for the DC-6's?

14 Mr. Lotz: This is a Costa Rican map, sir. This is not a  
15 Colombian map.

16 Mr. Blum: In other words, the strip you were talking  
17 about was where, in Colombia?

18 Mr. Lotz: Yes, sir.

19 Mr. Blum: Now, I would like to go back, because we were  
20 asking you to identify the strips that were used for the  
21 refueling during the contra period. And you had mentioned  
22 one strip that you remembered, Los Chiles. Would you point  
23 that out on the map?

24 Mr. Lotz: I just saw the name of the other strip which I  
25 remembered, Guataso.

1 Mr. Blum: The record should show that he is pointing to  
2 the aeromap.

3 What other of those strips were used?

4 Mr. Lotz: Upala.

5 Mr. Blum: Again pointing to the aeromap.

6 Mr. Lotz: And Las Vueltas.

7 Mr. Blum: Go ahead.

8 Mr. Lotz: And the furthest north, which was the most  
9 obvious strip that was used, was Los Chilos de Upala. That's  
10 only 25 kilometers from the frontier.

11 Mr. Blum: Now, let me continue to ask about that for a  
12 minute. And sit down. I don't think we need the map for the  
13 moment.

14 How was it possible for these drug planes to go in and  
15 out of the airstrip without being detected and without  
16 creating problems in Costa Rica?

17 Mr. Lotz: Very simple, sir. Costa Rica has got a very  
18 poor radar, and at that time, if they had it, they had a  
19 primary target -- I mean, a secondary target; that's all they  
20 could get, a 25 mile range.

21 So the aircraft never had to fly over, and if they did  
22 fly over they would go undetected anyway.

23 Mr. Blum: So there was no radar to detect them. Wasn't  
24 there danger that they would be arrested on the ground?

25 Mr. Lotz: None, because it was previously arranged. All

1 landings were arranged. They were supported by the  
2 revolutionaries themselves.

3 Mr. Blum: So the revolutionaries protected the strips,  
4 so that nothing would happen as these planes came in  
5 delivering the weapons, getting fueled, refueled, and then  
6 going off with narcotics, is that correct?

7 Mr. Lotz: Yes, sir.

8 Mr. Blum: Now, what about the Costa Rican government?  
9 Wasn't the Costa Rican government aware of all of this?

10 Mr. Lotz: Yes, they were aware. And they were also  
11 aware that there was not much they could do.

12 Two things: No budget; we don't have a military. Costa  
13 Rica has got only civil guards, underpaid and easily bought.  
14 So I mean, there was really no possibility of being able to  
15 control anything at all.

16 Mr. Blum: And was there much of a government presence in  
17 that northern region?

18 Mr. Lotz: I would say that the government -- would you  
19 please rephrase the question? I don't quite understand.

20 Mr. Blum: Were there many police or rural guard people  
21 in that region?

22 Mr. Lotz: To be very clear with you, sir, our guard down  
23 there is barefooted, and you're talking 50 men to cover 400  
24 kilometers maybe.

25 Mr. Blum: So there was effectively no Costa Rican

1 government threat to this kind of trafficking?

2 Mr. Lotz: None.

3 Mr. Blum: And you had the guerrillas protecting the  
4 strip?

5 Mr. Lotz: Right.

6 Mr. Blum: The planes coming in, getting refueled, and  
7 flying on?

8 Mr. Lotz: That's right.

9 And then you had people with a lot of influence, the  
10 owners for example. If you go a little bit back, you go back  
11 to John Hull. Nobody would dare interfere with John Hull.

12 Mr. Blum: Why would nobody interfere with John Hull?

13 Mr. Lotz: That's a good question. I asked. I provided  
14 myself that information, how John Hull was involved with  
15 drugs, where the drugs were kept, where the weapons were  
16 kept.

17 And the only answer I got was he was too high on the  
18 totem pole to be dealt with.

19 Mr. Blum: Now, what information did you have about John  
20 Hull's involvement with drugs?

21 Mr. Lotz: Well, it's a long story.

22 Mr. Blum: Please. We want to hear that long story in  
23 all its detail.

24 Mr. Lotz: I have a very good friend of mine of many,  
25 many years, his name is Father Clavius Salano. Father



1 Clavius Salano is the head of John Paul XXIII School in Costa  
2 Rica. It's a school that helps very poor people not to  
3 become communists. They teach people that communism for a  
4 country is no good and it's better to try to survive in the  
5 half-way democracy than a communist country.

6 So we have about -- he has about maybe 60,000 people  
7 which are very, very close to him. As a matter of fact, the  
8 American embassy down there, when there is any possibility of  
9 strikes, he works with the people. So he knows the whole  
10 country and he is one tremendous source of information of  
11 anything that occurs. Father Salano is the first man that  
12 would have it.

13 When I was arrested and initially DEA demonstrated that  
14 they had interest in me cooperating with them in the drugs  
15 trafficking through Costa Rica, I said that I would under the  
16 condition if they could do something for me for my Rule 35.  
17 That was, we're talking now '86.

18 And they said that they would be willing. So I asked  
19 Father Salano if he would meet with all his people and give  
20 me a good trace on everything concerning drugs and John Hull  
21 at that time, which I knew that was operating with drugs.  
22 And so after three months, we got all the information and  
23 telephone numbers, people he had dealt with, assumed names.  
24 John Hull went with in the west side of the country, certain  
25 radio stations that he had, the type of business he carried,

1 where on the river merchandise or weapons were kept -- a full  
2 scope on things to be followed up and to be hit, if I may use  
3 the word, any time the police would decide at that time to be  
4 able to prove it.

5 Mr. Blum: In other words, what Father Salano put  
6 together for you was an extensive set of investigative leads  
7 and materials. And is it fair to say that when you reviewed  
8 that material, you were reasonably convinced that he had been  
9 involved in drug trafficking?

10 Mr. Lotz: Do you mean Father Salano?

11 Mr. Blum: No, John Hull.

12 Mr. Lotz: Yes, because we knew it since the time of the  
13 revolution, that he airstrip was available for drugs or  
14 weapons.

15 Mr. Blum: For drugs or weapons?

16 Mr. Lotz: Yes.

17 Mr. Blum: And the pilots had been coming in there,  
18 dropping off weapons, refueling, and moving on?

19 Mr. Lotz: There was, to be more exact, there was an  
20 aircraft, a Cessna 310, that landed on that strip. The  
21 aircraft was claimed to have a problem. The aircraft was  
22 bulldozed to the river.

23 Senator Kerry: They bulldozed it into the river?

24 Mr. Lotz: Into the river, and then it was reported as  
25 having had a small problem.

1 Senator Kerry: Collect insurance?

2 Mr. Lotz: No insurance involved here, sir.

3 Senator Kerry: What was the reason it was bulldozed into  
4 the river? Was it a drug plane?

5 Mr. Lotz: There is two theories, and I am concerned  
6 because there was some money that had to go for the contras  
7 that never got there. Somebody stole cocaine, to be very  
8 clear, so it was made as an accident happened, that the  
9 aircraft did go into the river, and whatever was in the  
10 aircraft sank or dissolved in the water.

11 Mr. Blum: So this would have provided an explanation for  
12 the fact that the cocaine was never found?

13 Mr. Lotz: Absolutely. There was no way. The river is a  
14 very big river, number one. It's a lot of current. No one  
15 is going to dive in there to get anything out of the  
16 aircraft.

17 And the aircraft was -- the whole windshield was gone, in  
18 what was supposed to have been a crash landing and the pilot  
19 surviving. It just doesn't make sense, no way you look at  
20 it.

21 Senator Kerry: What did John Hull get for having the  
22 airstrip open to guns and drugs? Was he paid, or what  
23 happened?

24 Mr. Lotz: John Hull had all the advantages in the world  
25 he wanted, because he could get money, he would be paid

1 money, and he would be the man to sell the weapons, to resell  
2 weapons at a fee, because he got them into his strip. And he  
3 is a powerful man and he would decide which group of the  
4 contrarevolution would be able to get the weapons.

5 I'm sure you are aware, unfortunately in the  
6 contrarevolution there is two or three different groups which  
7 worked totally separate ways, never making headway, none of  
8 them, because everybody was pulling through its own  
9 channels.

10 Senator Kerry: John Hull would sell weapons to one group  
11 or another group?

12 Mr. Lotz: Depending who was the man with the most  
13 dollars.

14 Senator Kerry: What about for the drugs? Did Hull sell  
15 the drugs?

16 Mr. Lotz: I think basically the operation of the drugs  
17 was an intermediate stop, a fuel stop, and move to elsewhere,  
18 because the drugs in that case in Costa Rica or Central  
19 America would have no purpose.

20 Senator Kerry: I understand that they didn't mean  
21 anything there. But did Hull get paid for that, for allowing  
22 the drugs to go through? Did he get a cut on the drug deal  
23 at the other end?

24 Mr. Lotz: That is correct.

25 Senator Kerry: Which is correct?

1 Mr. Lotz: He would get a cut for the use of the strip,  
2 of landing and providing — because you see, the drugs would  
3 be protected anyway if people knew or did not know where it  
4 was there, because there's a whole bunch of boxes in the  
5 aircraft.

6 So a part would be taken out of the aircraft, some boxes  
7 would remain in the aircraft. The aircraft would be refueled  
8 and then would depart. That was the procedure of the  
9 unloading.

10 Senator Kerry: Okay. Let me understand again, and you  
11 may not know the answer to this and I don't want you to give  
12 me an answer you don't know the answer to. But did John Hull  
13 get the money paid at the strip or somewhere in Costa Rica?

14 Mr. Lotz: I wouldn't know that.

15 Senator Kerry: Did he get a cut of the drug deal  
16 itself?

17 Mr. Lotz: I wouldn't know.

18 Senator Kerry: But you know that he was paid so that  
19 this would happen?

20 Mr. Lotz: that's right.

21 Senator Kerry: Now, you mentioned an incident in which  
22 these drugs disappeared. Are you aware of a time when one of  
23 his children was kidnapped? Did you hear an account of a  
24 kidnapping of one of his children relating to a drug  
25 transaction?

1 Mr. Lotz: No, sir.

2 Mr. Blum: Isn't it a fact that a large number of  
3 Colombians have been coming into Costa Rica, looking at it as  
4 a place where they can make investments and begin to develop  
5 their drug business?

6 Mr. Lotz: That is true.

7 Mr. Blum: And have they begun to make political  
8 connections in Costa Rica to make sure that their situation  
9 will be protected?

10 Mr. Lotz: Well, I don't know. I know that because in my  
11 field, in my field what I do, the flying, okay, there had  
12 been a lot of people coming in searching for strips,  
13 ranches. But if they had political influence or not, I don't  
14 know.

15 This government is not my government. I mean, this is a  
16 totally different government than I worked for.

17 Mr. Blum: Now, at the time you worked for the  
18 government, did you see people coming in and looking for  
19 strips and looking for ranches and beginning to make  
20 investments?

21 Mr. Lotz: Everything happened after the Coraso  
22 government. Things started getting a different scope after  
23 Coraso left power.

24 Mr. Blum: After who?

25 Mr. Lotz: After Coraso, Julio Coraso. It was then that

1 things changed. The Liberacion Party came in.

2 Mr. Blum: Who came in?

3 Mr. Lotz: The Liberacion.

4 Mr. Blum: And who was the President then? Monje?

5 Mr. Lotz: Yes, Roberto Monje.

6 Senator Kerry: Let me suspend for one minute here.

7 [Pause.]

8 Mr. Blum: I would like to go back to the period of time  
9 -- you stopped flying for any one official in Costa Rica at  
10 the end of the Coraso administration, is that correct?

11 Mr. Lotz: That's right.

12 Mr. Blum: And it is in the next administration, which is  
13 the Monje administration, that the narcotics activity in  
14 Costa Rica began to increase significantly, is that correct?

15 Mr. Lotz: That is correct.

16 [Pause.]

17 Mr. Blum: Now, did those Colombians come to Costa Rica  
18 during the Monje administration and begin to buy substantial  
19 assets inside the country, those Colombians being Colombians  
20 connected with the drug trade?

21 Mr. Lotz: Let me try to answer this the best way I can.  
22 We knew that there were people buying property with the  
23 intent to use it for drugs, because we had been long enough  
24 working around the area, so we know what people want.

25 Once again, if they had government support, if that's

1 what you're referring to, I wouldn't know. You see, we were  
2 talking about a government which at that time was Roberto  
3 Monje and myself, I had supported entirely the other  
4 government, and I fought against Monje and I supported the  
5 other.

6 Mr. Blum: Do you mean for another political party?

7 Mr. Lotz: Exactly. And we lost, they won. So I was not  
8 very well loved among the Liberacion Party.

9 Mr. Blum: What kinds of properties were these Colombians  
10 looking for, ranches with airstrips?

11 Mr. Lotz: It's basically ranches in the northern part of  
12 the country. Some would look in the southern part of the  
13 country, as close as possible to Panama, and some would look  
14 for ranches far north. They would be looking for 5,000 acres  
15 to 10,000 acres with a big airstrip.

16 Mr. Blum: With a big airstrip?

17 Mr. Lotz: Yes.

18 Mr. Blum: And there aren't many such ranches available.  
19 I would assume, is that correct?

20 Mr. Lotz: No, there are not.

21 Mr. Blum: Not enough?

22 Mr. Lotz: That is why it was pretty obvious that people  
23 were looking for ranches with airstrips.

24 Mr. Blum: In other words, the demand was high, but the  
25 number available was relatively small, so it became obvious

1 that there were these Colombians in this very small country  
2 who were trying to buy airstrips in different places?

3 Mr. Lotz: Right, that is correct.

4 Mr. Blum: To your knowledge, did any of them succeed in  
5 buying airstrips?

6 Mr. Lotz: Once again, I was arrested in '85. At that  
7 time a lot of things were happening. There was a big group  
8 trying to buy Robert Vesco's ranch. It is for sale yet. I  
9 think it hasn't yet been sold. That was for sale at that  
10 time. It has a big strip, 3,500 foot strip.

11 Mr. Blum: And where is that located?

12 Mr. Lotz: In the northern part of the country.

13 Mr. Blum: On the west coast or on the east coast?

14 Mr. Lotz: The west coast.

15 Mr. Blum: The west coast, in Buena Costa?

16 Mr. Lotz: Buena Costa.

17 Mr. Blum: And what other strips were being sought or  
18 which other ones changed hands?

19 Mr. Lotz: They were looking for places like Quepos.  
20 They tried buying Mr. Herman Lutz's ranch, which did not  
21 sell. Once again, they wanted to buy ranches, but they  
22 weren't willing to pay what the ranches were worth, either.

23 Mr. Blum: What they wanted for those ranches?

24 Mr. Lotz: Right.

25 Mr. Blum: Now, are you familiar with the airstrip that

1 was built at Santa Elena?

2 Mr. Lotz: In Santa Elena, I've had satellite pictures of  
3 it, yes.

4 Mr. Blum: Have you ever been there?

5 Mr. Lotz: Landed there, no.

6 Mr. Blum: Have you ever flown over it?

7 Mr. Lotz: No. We have driven around it.

8 Mr. Blum: You've driven around it?

9 Mr. Lotz: Not to it, but in the vicinity, yes. That  
10 area was the area that was originally designated for a strip  
11 on the first revolution, where the people used to carry out  
12 the practices.

13 Mr. Blum: So this goes back. It was not just a strip  
14 that was built for the purpose of resupply in the period that  
15 the Secord group was running resupply for contras? This was  
16 a strip that had been there before, if I understand you  
17 correctly. Is that accurate?

18 Mr. Lotz: Yes, that's accurate. This was when that  
19 happened initially, in the first revolution, when the group  
20 of Secord's came over to Costa Rica to give advice over some  
21 agricultural situations, and the truth, because I was very  
22 much involved at that time, was we were looking for an area  
23 to train people and in case at that time design an airstrip.

24 Mr. Blum: I want to understand this. Did you say that  
25 Secord had a group that saw that strip in the time of the

1 first revolution? I didn't understand that.

2 Mr. Lotz: I didn't get to see that, no. But Secord knew  
3 the people, the man -- I don't remember the name. He was,  
4 that came with this group out of Panama from the air force  
5 base in Panama that supervised this group, and they were  
6 checking for a place where something could be done for a fast  
7 reload and unloading without being so obvious as Liano Grande  
8 was.

9 Mr. Blum: And what time are we talking about? You said  
10 the first revolution?

11 Mr. Lotz: The first revolution.

12 Mr. Blum: So we're talking about 1979?

13 Mr. Lotz: We're talking about Coraso's time.

14 Mr. Blum: And Secord was involved with the group that  
15 was interested in this in 1979?

16 Mr. Lotz: Secord was giving the agricultural advice.

17 Mr. Blum: Agricultural advice?

18 Mr. Lotz: If I should give the proper terms, to build  
19 some bridges so it wouldn't destroy the flow of the river and  
20 so on.

21 Mr. Blum: What you mean by agricultural advice is  
22 topographical and how to set the strip up so that it wouldn't  
23 erode? Is that what you mean?

24 Mr. Lotz: Right.

25 Mr. Blum: So that the strip, the integrity of the strip

1 would be protected?

2 Mr. Lotz: Once again, if I have to be accurate, what the  
3 purpose of the group originally was in Costa Rica, at least  
4 known to the public, was to be able to help in the setting up  
5 of the area for the benefit of the region.

6 Mr. Blum: In other words, the public stated purpose for  
7 being interested in this strip was to help with the region,  
8 the development of northern Costa Rica?

9 Mr. Lotz: Right.

10 Mr. Blum: What was the real purpose of the strip?

11 Mr. Lotz: The real purpose was like other real purposes  
12 we had, that Costa Rica was not supposed to be involved in  
13 helping the Sandinista revolution in any way, and we were  
14 directly supporting the Sandinista revolution, talking from  
15 the President on down.

16 Senator Kerry: Let me interrupt here for just one  
17 minute. I have to step out here for a few minutes, but I  
18 will be back. And if the testimony concludes, I want to ask  
19 the attorney and the marshalls not to return Mr. Lotz yet,  
20 because I'm going to be in communication with the U.S.  
21 Attorney's office in California. And before we do, I just  
22 want to have a conversation, okay, and I will be back.

23 [Pause.]

24 Mr. Blum: Again, I want to go back to this. You're  
25 saying that the purpose for which that strip was originally

1 intended was to support the Sandinista attempt to overthrow  
2 Somoza?

3 Mr. Lotz: When they were thinking about it, yes.

4 Mr. Blum: When they were thinking about it?

5 Mr. Lotz: Yes.

6 Mr. Blum: Now, who actually bought that strip? Were  
7 these people who were part of the Secord group?

8 Mr. Lotz: I don't know.

9 Mr. Blum: You don't know?

10 Mr. Lotz: I don't know.

11 Mr. Blum: Was it a group of Americans?

12 Mr. Lotz: I don't know.

13 Mr. Blum: You simply don't know who purchased it?

14 Mr. Lotz: I don't know.

15 Mr. Blum: But you knew they were there, they were  
16 looking at it, and they had come in with Panamanians?

17 Mr. Lotz: It was arranged by Colonel Chan from Costa  
18 Rica. Okay, at that time Johnny Echeverria and our small  
19 military group, okay -- because at that time we were having a  
20 lot of problems. It was coming from people from ADNU, and  
21 they were coming down there to make sure that Costa Rica was  
22 keeping its word and was not supporting the Sandinista  
23 revolution.

24 I was the man in charge to fly them where I knew there  
25 was no activity going on. So when we flew west, activity was

1 east; and when we flew east, activity was west. But it was a  
2 game.

3 Everybody knew what was going on. The U.S. government  
4 knew exactly what was going on.

5 Mr. Blum: The U.S. government was aware of that? How do  
6 you know the U.S. government was aware of it?

7 Mr. Lotz: Because Colonel McCarthy that was with me at a  
8 lot of times in the base.

9 Mr. Blum: And who was he?

10 Mr. Lotz: He was in charge of the American embassy. I  
11 don't know what department.

12 Mr. Blum: U.S. military attache?

13 Mr. Lotz: Yes, he was Colonel McCarthy, Air Force.

14 Mr. Blum: And you talked about the strip at the time?

15 Mr. Lotz: He was very careful when he was talking. No  
16 direct involvement, just overall view. Normally we were  
17 talking about the mission.

18 Mr. Blum: What you're saying is you knew he was aware of  
19 it from your conversation?

20 Mr. Lotz: Yes, that's right.

21 Mr. Blum: He was guarded in the way he talked about it,  
22 but it was clear to you that he knew what was going on  
23 there?

24 Mr. Lotz: Yes.

25 Mr. Blum: Have you ever flown drugs?

1 Mr. Lotz: Yes, I have.

2 Mr. Blum: Where did that occur?

3 Mr. Lotz: When did that occur? That occurred exactly  
4 1983.

5 Mr. Blum: And what was the occasion?

6 Mr. Lotz: What was the occasion?

7 Mr. Blum: What happened? How did you come to start  
8 flying drugs?

9 Mr. Lotz: Okay. I was approached by a man -- well, do  
10 you want the whole story?

11 Mr. Blum: Yes, please.

12 Mr. Lotz: We were approached by a man called Simon. He  
13 knew of some people in Mexico that were interested in having  
14 drugs flown to them because their source of supply in  
15 Colombia was at that time out. So he had a contact in Quito,  
16 Ecuador under the name of Jorge Reyes which was able to  
17 supply.

18 Okay, so I was asked if I would know how to get by the  
19 radar in Acapulco and how far could I get into Mexico. I  
20 said I would give it a try, and I knew I could refuel in  
21 Costa Rica. Refueling would be no problem.

22 So I made three flights.

23 Mr. Blum: Three flights. How much did you carry?

24 Mr. Lotz: The first flight, 500; and the second flight,  
25 700, 750. That's two flights.

1 Mr. Blum: Two flights?

2 Mr. Lotz: Yes.

3 Mr. Blum: One 500 and 750?

4 Mr. Lotz: Yes.

5 Mr. Blum: Where did the drugs come from?

6 Mr. Lotz: Quito, Ecuador.

7 Mr. Blum: And who loaded -- did you fly them from Quito  
8 to Costa Rica?

9 Mr. Lotz: I flew them from Esmeraldas, a strip which is  
10 exactly 20 nautical miles southwest of Esmeraldas, from there  
11 to Quepos, from Quepos to Coco; the next day from Coco to  
12 Mexico.

13 Mr. Blum: Now, you will have to tell us for the record  
14 what country each of these places are in, because our  
15 geography is not as good as yours. The flight started where,  
16 in what country?

17 Mr. Lotz: Esmeraldas, Ecuador.

18 Mr. Blum: Ecuador.

19 Mr. Lotz: Right.

20 Mr. Blum: You proceeded from there to where?

21 Mr. Lotz: Quepos, Costa Rica. From Quepos, Costa Rica,  
22 to Guadalupe, Mexico.

23 Mr. Blum: And that was over a two day period or a three  
24 day period?

25 Mr. Lotz: Let's say flights done -- a two-day period.



1 and get the aircraft and fly back the next day.

2 Mr. Blum: And then you flew back the next day from  
3 Guadaluajara back to Costa Rica?

4 Mr. Lotz: Right.

5 Mr. Blum: Without any problem?

6 Mr. Lotz: Right.

7 Mr. Blum: And the second flight, where was that from?

8 Mr. Lotz: The same thing.

9 Mr. Blum: The same trip?

10 Mr. Lotz: Yes.

11 Mr. Blum: What were you paid for these flights?

12 Mr. Lotz: I was paid -- I don't recall very well, sir.  
13 From \$120,000 to \$170,000, somewhere around that.

14 Mr. Blum: Somewhere in that range?

15 Mr. Lotz: I don't remember.

16 Mr. Blum: Now, were those the only two drug flights  
17 you've ever made?

18 Mr. Lotz: The two flights that I actually made, yes. I  
19 had supervised previous landings and refuelings.

20 Mr. Blum: And who did you supervise those for?

21 Mr. Lotz: Okay, one was supervised for a man, Bajas  
22 from Ecuador. That was a landing. That was a previous  
23 flight done -- oh, wait a minute. You're talking about  
24 flights.

25 There was one flight done that I did from El Bene,

1 Bolivia, to Costa Rica.

2 Mr. Blum: From Bolivia to Costa Rica?

3 Mr. Lotz: Yes.

4 Mr. Blum: Did you go from Costa Rica with those drugs  
5 anywhere else?

6 Mr. Lotz: No, they were left in Costa Rica, and from  
7 there they flew into Mexico.

8 Mr. Blum: Where did you come to in Costa Rica with the  
9 drugs?

10 Mr. Lotz: Quepos.

11 Mr. Blum: Quepos?

12 Mr. Lotz: Right.

13 Mr. Blum: And from there you went to? You had them and  
14 someone else picked them up and flew them on to Mexico?

15 Mr. Lotz: Right.

16 Mr. Blum: Who picked them up and flew them on to  
17 Mexico?

18 Mr. Lotz: The aircraft was refueled. What they needed  
19 me for was they needed a guy with experience to fly IFR under  
20 jungle conditions, which is not everybody which can do that,  
21 because it's jungle and then you have the Andes, and you have  
22 the aircraft.

23 To be exact, the flight was about 20 kilo of paste. So  
24 the people didn't have the money, so we were flying on a very  
25 beaten-down aircraft, very little instruments, two new kids

1 which were supposed to be the pilots. And I used my  
2 experience to get them from Bolivia and put them into Costa  
3 Rica, which the rest of the flight would be an easy flight.

4 Mr. Blum: Were there other people in Costa Rica -- you  
5 had competitors in the air taxi business. You were aware of  
6 people in the crop dusting business. Were people in this  
7 business approached by drug traffickers regularly to fly  
8 narcotics?

9 Mr. Lotz: Well, put it this way. We are three big  
10 charter services in Costa Rica. We have Pijique Guerra, you  
11 have a gentleman by the name of -- they call him Tito.

12 Mr. Blum: Are you thinking of the Sarkovic Brothers?

13 Mr. Lotz: No, he's a Costa Rican. I will remember his  
14 name in a second here. And he was involved with a Titan  
15 flying some cocaine from some Colombians into a place called  
16 Carillo, okay. And the aircraft was detained and he claimed  
17 he had no knowledge of what was in the aircraft, so that was  
18 the end of that.

19 And Jose Guerra, I know as a fact that he has been  
20 refueling airplanes in his strips in Filadelfia. I know  
21 that. The same thing with Duran. Duran and Jose Guerra were  
22 close friends.

23 And that's about the only two charter services, because  
24 we have very few aircraft. There is not all that amount of  
25 airplanes.

1 Mr. Blum: And most of these are based principally at  
2 Pavas?

3 Mr. Lotz: Well, Pijique is based in Pavas and the other  
4 was based in Pavas and I'm based in Coco.

5 Mr. Blum: Now, isn't it also correct to say that if you  
6 run a crop dusting service in Costa Rica you can have  
7 gasoline in many different locations, that there are no  
8 controls on where you locate your gasoline supplies?

9 Mr. Lotz: That's true. As a matter of fact, all the  
10 crop dusters' fields have fuel.

11 Mr. Blum: Have fuel?

12 Mr. Lotz: It would not be economical to fly a small  
13 aircraft to fuel it down at a main airport. It would make no  
14 sense.

15 Mr. Blum: So one of the ways in which fuel for these  
16 drug flights can be spotted around is by using the fuel that  
17 the crop dusters are able to get, to put at different  
18 locations, isn't that correct?

19 Mr. Lotz: Yes, sir. The crop duster uses the same type  
20 of fuel that the regular airplanes do. That's 110 fuel  
21 octane.

22 Mr. Blum: 110 octane fuel?

23 Mr. Lotz: 110 to 130.

24 Mr. Blum: And isn't it a fact that the Costa Rican  
25 government has attempted to control the fuel, and by

1 controlling the fuel keep these flights from occurring?

2 Mr. Lotz: You can't do that, sir. That's impossible.

3 Mr. Blum: Why is it impossible?

4 Mr. Lotz: Because crop dusters don't fly at a power  
5 setting and they don't drop the same amount of weight on each  
6 field. So you have differences of hundreds of gallons in  
7 what an aircraft could use.

8 Let's say, let's put it this way. If I wanted, I could  
9 make it on papers that I used 300 gallons and I used 150  
10 gallons.

11 Mr. Blum: So what you're saying is the crop dusting  
12 business is the perfect cover for someone who wants to  
13 purchase fuel to use it to refuel drug flights?

14 Mr. Lotz: It would be, especially some crop dusters have  
15 paved strips, you know, 3,000 foot strips, which are very  
16 good.

17 Mr. Blum: Now, were you aware of any corruption problems  
18 within law enforcement as relating to drugs?

19 Mr. Lotz: Yes, sir, I was.

20 Mr. Blum: Yes? Could you tell us about that?

21 Mr. Lotz: Yes, sure.

22 Mr. Blum: Would you please.

23 Mr. Lotz: The colonel in charge of narcotics down there,  
24 Colonel Barrantes, had made several approaches to different  
25 people, different pilots, or had approached different pilots

1 several times concerning drugs.

2 The income of Colonel Barrantes is a small income  
3 government-wise, and the amount of money he spends, it is  
4 different. And with the type of people he walks around -- he  
5 is also a very good friend of the people of public security  
6 and he is -- whatever he does is unquestioned.

7 You know that Colonel Barrantes has been fired from his  
8 position. Then if you're talking about the other people,  
9 they're all on a very low scale, because --

10 Mr. Blum: What you're saying, just to be clear about  
11 Colonel Barrantes, you're saying that he talked with a number  
12 of people who were in the taxi business about the  
13 possibilities of working with them on narcotics  
14 transactions? Is that what you're saying?

15 Mr. Lotz: Fishing, fishing.

16 Mr. Blum: Did he fish with you?

17 Mr. Lotz: Not with me. He doesn't like me.

18 Mr. Blum: He doesn't like you?

19 Mr. Lotz: No.

20 Mr. Blum: But you heard about this from other people who  
21 he fished with?

22 Mr. Lotz: From people he tried fishing with, yes.

23 Mr. Blum: And you're assuming that, based on his  
24 lifestyle and his income, one of these fishing expeditions he  
25 caught a fish?

1 Mr. Lotz: I assume a big one.

2 Mr. Blum: You were going to talk about other  
3 corruption.

4 Mr. Lotz: The other corruption, it would be at very low  
5 levels. Like if we're talking about the colonel that was  
6 working with Chile and providing them the security at the  
7 strips that they were using.

8 It's very -- I would say that the force is so small and  
9 it is such a hot environment -- and by "hot" I mean, I'm  
10 referring to heat.

11 Mr. Blum: By "hot," you mean here are drug flights --

12 Mr. Lotz: No, hot in temperature.

13 Mr. Blum: Hot temperature, yes.

14 Mr. Lotz: The people don't have automobiles, they don't  
15 have jeeps. If they have a jeep, they don't have fuel. And  
16 so actually, it is one man that controls the whole, either the  
17 colonel or you knew the sergeant and the sergeant would tell  
18 the rest of the guys. Just relax today, go home, there's  
19 nothing to do, that's it.

20 So it is government corruption, yes, but in a very low  
21 scale.

22 Mr. Blum: It's at a very low level, but it guarantees  
23 that nothing happens and everything is taken care of?

24 Mr. Lotz: Absolutely.

25 Mr. Blum: I would like to recess for about five

1 minutes.

2 [Recess.]

3 Senator Kerry: We will resume now, Mr. Lotz. I want you  
4 to know that for the moment we are going to complete the  
5 taking of today's deposition, but this deposition will be  
6 ongoing and it will be necessary for us to continue this at  
7 some point in the future. And I would like you to make  
8 yourself available to us at the appropriate time that Mr.  
9 Blum contacts you.

10 Mr. Lotz: Any time.

11 Senator Kerry: Thank you. I know you're a federal  
12 prisoner, and obviously we will contact you appropriately.  
13 But this isn't totally at your calling, I understand.

14 Thank you very much for your testimony. You've been very  
15 helpful.

16 This deposition is concluded for this period of time.

17 [Whereupon, at 11:35 a.m., the Subcommittee was  
18 adjourned.]

## DEPOSITION OF TOM ZEPEDA

Wednesday, April 6, 1988

U.S. Senate  
 Committee on Foreign Relations  
 Subcommittee on Terrorism,  
 Narcotics, and International  
 Operations  
 Washington, D.C.

The Subcommittee staff met at 5:10 p.m. in Room SD-415,  
 Dirksen Senate Office Building.

Subcommittee Staff Members Present: Gerald Connolly,  
 Barbara Larkin, Barry Sklar, and Dick McCall.

[Witness sworn.]

[The prepared statement of Senator Kerry follows:]

STATEMENT FOR TOM ZEPEDA'S TESTIMONY BY  
 SENATOR JOHN KERRY, SUBCOMMITTEE CHAIRMAN

We welcome you here today, Mr. Zepeda. It is particularly appropriate that we have this opportunity to discuss with you your experiences as a professional drug enforcement officer, who spent twelve years of his career in the field in Latin America.

I say appropriate because of the episode placed in motion yesterday which resulted in Ramon Matta Ballesteros being delivered to the United States. I know that you have had a particular interest in the activities of Matta Ballesteros for some time.

As a matter of fact, when my staff received the phone call yesterday from Honduras notifying us that Matta had been arrested and was on his way to the United States, the first question was whether or not you had testified yet. So it is obvious that the Hondurans just did not want any more adverse publicity, stemming from Matta's case. To a certain degree, you deserve some credit in this turn of events for which we are all appreciative.

## TESTIMONY OF TOMAS ZEPEDA

1  
2 Mr. Connolly: Would you state your full name for the  
3 record.

4 Mr. Zepeda: Tomas Zepeda.

5 Mr. Connolly: Where are you presently working, Mr.  
6 Zepeda?

7 Mr. Zepeda: In LaPaz, Bolivia.

8 Mr. Connolly: What is the nature of your present job?

9 Mr. Zepeda: I work for the Bureau of International  
10 Narcotics Matters. I'm a narcotics field adviser.

11 Mr. Connolly: Prior to that time you worked for the  
12 DEA?

13 Mr. Zepeda: That's correct.

14 Mr. Connolly: How long did you work for the DEA and its  
15 predecessor agencies?

16 Mr. Zepeda: 22 years.

17 Mr. Connolly: And you're retired from the DEA now?

18 Mr. Zepeda: Yes, sir.

19 Mr. Connolly: What overseas assignments have you been  
20 given by the DEA?

21 Mr. Zepeda: PCS assignments, Mexico, Bolivia, Honduras,  
22 and Guatemala.

23 Mr. Connolly: How long did you run the DEA office in  
24 Honduras?

25 Mr. Zepeda: Approximately two and a half years.

1 Mr. Connolly: And that was located in?

2 Mr. Zepeda: Tegucigalpa.

3 Mr. Connolly: And when did you retire from DEA?

4 Mr. Zepeda: 1985.

5 Mr. Connolly: With respect to the Honduran office, you  
6 yourself opened the Honduran office in Tegucigalpa, is that  
7 correct?

8 Mr. Zepeda: That's correct.

9 Mr. Connolly: In what year?

10 Mr. Zepeda: February of 1981.

11 Mr. Connolly: At the time you went there, was there drug  
12 trafficking going through Honduras?

13 Mr. Zepeda: Yes.

14 Mr. Connolly: How serious was the problem?

15 Mr. Zepeda: I don't know for sure how serious it was.  
16 The information available indicated that traffickers were  
17 using Honduras as a transit point.

18 Mr. Connolly: Was marijuana being transferred from  
19 Columbian mother ships to smaller boats off the Honduran  
20 coast at that time?

21 Mr. Zepeda: The information indicated this was  
22 happening.

23 Mr. Connolly: To a great degree, or hard to measure?

24 Mr. Zepeda: It was a considerable degree.

25 Mr. Connolly: Was there also cocaine traffic as well?

1 Mr. Zepeda: Some cocaine traffic, but the bulk was  
2 marijuana.

3 Mr. Connolly: With respect to the cocaine, was the  
4 cocaine being moved through remote airstrips in the northern  
5 part of the country?

6 Mr. Zepeda: I'm sorry, would you repeat the question?

7 Mr. Connolly: Certainly. With respect to cocaine, was  
8 the cocaine being moved through remote airstrips in the  
9 northern part of the country?

10 Mr. Zepeda: Information available indicated that there  
11 were some aircraft landing in the northern part of Honduras,  
12 a region called Olancho. But most of the flights were  
13 directly from Columbia nonstop into the Yucatan Peninsula in  
14 Mexico for refueling.

15 Mr. Connolly: Was the drug trafficking in Honduras being  
16 protected at that time by corrupt military officers?

17 Mr. Zepeda: Information indicated that there was some  
18 degree of corruption there.

19 Mr. Connolly: Did you receive information that Torres  
20 Arias was involved in the drug trade?

21 Mr. Zepeda: Yes.

22 Mr. Connolly: Did you report the corruption of the  
23 Honduras military to your superiors in Washington?

24 Mr. Zepeda: Yes.

25 Mr. Connolly: When?

1 Mr. Zepeda: Periodically, as the information was  
2 received, by the internal method of reporting, which is a  
3 written report.

4 Mr. Connolly: When would the first such report have been  
5 filed by you, what year?

6 Mr. Zepeda: There were reports prior to me by the agents  
7 that covered Honduras at the time out of Costa Rica, but by  
8 me immediately after I opened up the office I started  
9 generating intelligence reports.

10 Mr. Connolly: With respect to this corruption?

11 Mr. Zepeda: Corruption and other activities.

12 Mr. Connolly: Why did the fact that the military was  
13 corrupt hamper your ability to operate inside Honduras? I  
14 suppose we should ask first, did it?

15 Mr. Zepeda: It did. And the answer to the second part  
16 of your question is that it was difficult to conduct an  
17 investigation and expect the Honduran authorities to assist  
18 in arrests when it was them that we were trying to  
19 investigate.

20 Mr. Connolly: Was it because you relied on the military,  
21 which ran the Honduran police, that also hampered your  
22 ability to make arrests?

23 Mr. Zepeda: That's correct. The police was military.

24 Mr. Connolly: They were actual members of the military?

25 Mr. Zepeda: The military, yes. The country at that time

1 was run by a military junta under General Policarpo  
2 Paz-Garcia.

3 Mr. Connolly: With respect to the Honduran navy, what  
4 would the Honduran navy do when you requested they would go  
5 on patrol or intercept one of these marijuana mother ships?

6 Mr. Zepeda: They would stall for time, identifying a  
7 number of problems -- lack of fuel, the boat would be unable  
8 to operate. And frequently, I would have to go into  
9 headquarters and request authorization to buy fuel for the  
10 patrol boats so we could go out on an operation.

11 It usually was after the fact when we got out in the  
12 patrol area.

13 Mr. Connolly: In general, you would characterize their  
14 response as one of reluctance to carry out the mission?

15 Mr. Zepeda: They never said no, but there were always  
16 reasons why we couldn't do it right at that moment.

17 Mr. Connolly: To what did you attribute this reluctance  
18 to go out on these missions?

19 Mr. Zepeda: Most of it would be to the fact that the  
20 government provided protection for some of these operations.

21 Mr. Connolly: So it was corruption again in the Honduran  
22 navy?

23 Mr. Zepeda: That's correct.

24 Mr. Connolly: After Torres Arias was replaced by Gustavo  
25 Alvarez, did the drug trafficking continue in Honduras?

1 Mr. Zepeda: Yes.

2 Mr. Connolly: Did the corruption of senior members of  
3 the armed forces continue as well?

4 Mr. Zepeda: Information continued to be received  
5 indicating that, yes.

6 Mr. Sklar: Let me indicate a question on the  
7 corruption. Can you establish a reason why corruption  
8 began? Is there something that you attribute the corruption  
9 to in the military?

10 Mr. Zepeda: It was an accepted fact, a way of life.

11 Mr. Sklar: So you didn't see any circumstances, any  
12 events happening in Honduras in this period, where you think  
13 corruption may have increased or where you attribute any new  
14 wave of corruption?

15 Mr. Zepeda: No.

16 Mr. Sklar: You just think it was part of the system?

17 Mr. Zepeda: The normal course of business.

18 Mr. Connolly: Who was doing the corrupting of the senior  
19 members of the armed forces at that time?

20 Mr. Zepeda: We don't have any definite information as to  
21 what individuals, just general information.

22 Mr. Connolly: Columbians, though?

23 Mr. Zepeda: Traffickers, whether they be Columbians,  
24 Mexicans.

25 Mr. Connolly: Some Honduran traffickers as well?



1 Mr. Zepeda: It could be, yes.

2 Mr. Connolly: When was your office in Tegucigalpa  
3 closed?

4 Mr. Zepeda: On or about June or July of '83.

5 Mr. Connolly: 1983. Why was the office closed?

6 Mr. Zepeda: I can only assume that it was closed because  
7 DEA felt that their resources could be better used someplace  
8 else.

9 Mr. Connolly: Did you concur in that judgment?

10 Mr. Zepeda: I was not asked. But had I been asked, I  
11 would have recommended that the office not be closed.

12 Mr. Connolly: Why?

13 Mr. Zepeda: I felt that there was enough activity being  
14 generated to warrant the office being there.

15 Mr. Connolly: What kind of activity?

16 Mr. Zepeda: Smuggling activity.

17 Mr. Connolly: What about case loads, though?

18 Mr. Zepeda: Very little case loads. We were not making  
19 cases per se as DEA would identify, but we were generating a  
20 lot of smuggling intelligence.

21 Mr. Connolly: And your view was that the generation of  
22 that smuggling intelligence outweighed the question of how  
23 many cases in fact were being put together and prosecuted?

24 Mr. Zepeda: I felt that way, yes.

25 Mr. Connolly: Where were you transferred to after that

1 office was closed?

2 Mr. Zepeda: To the DEA office in Guatemala City.

3 Mr. Connolly: Did you continue to cover Honduras in that  
4 new post?

5 Mr. Zepeda: Yes.

6 Mr. Connolly: How was that arranged?

7 Mr. Zepeda: The Guatemala office has always been there,  
8 and the area of responsibility of Guatemala has always been  
9 Salvador, Belize, and Guatemala. With the closing of the  
10 Honduras office, we took over the responsibility for that  
11 area.

12 Mr. Connolly: How much time did you end up spending  
13 dealing with Honduras when you were transferred to  
14 Guatemala?

15 Mr. Zepeda: About 70 percent of my time.

16 Mr. Connolly: And the rest of the time was spent on  
17 Guatemala?

18 Mr. Zepeda: Guatemala and Belize.

19 Mr. Connolly: Were the problems you were exposed to in  
20 Guatemala more or less severe than those you had found were  
21 going on in Honduras at that time?

22 Mr. Zepeda: I think they were less severe in Guatemala.  
23 Not that much transiting at the time. With the transfer of  
24 the office to Guatemala, I think that the activity picked up  
25 in Honduras.

1 Mr. Connolly: I was just going to ask, how did it affect  
2 your ability to do your job without an office now in  
3 Tegucigalpa in that time period?

4 Mr. Zepeda: Other than the inconvenience of traveling  
5 back and forth, it really didn't affect my job  
6 significantly.

7 Mr. Connolly: With respect to your work as a cocaine  
8 desk officer, would you describe the job you had when you  
9 were posted back to the United States after completing your  
10 tour in Guatemala?

11 Mr. Zepeda: Yes. I was assigned to the cocaine desk in  
12 DEA headquarters.

13 Mr. Connolly: Here in Washington, D.C.?

14 Mr. Zepeda: In Washington, D.C., yes.

15 And one of my responsibilities was to read and evaluate  
16 reports and cable traffic which was provided to me and then  
17 coordinate any important aspects of those documents with  
18 respect to offices or regions.

19 Mr. Connolly: What is a cocaine desk officer in the DEA  
20 system?

21 Mr. Zepeda: What is it in what respect?

22 Mr. Connolly: This is a person who is supposed to filter  
23 information and coordinate information about the flow of  
24 cocaine coming from the region as a whole?

25 Mr. Zepeda: From Latin America, yes.

1 Mr. Connolly: Were you reading all of the cable traffic  
2 coming from the region at that time?

3 Mr. Zepeda: I was reading all of the traffic that was  
4 provided to me.

5 Mr. Connolly: What do you mean by that?

6 Mr. Zepeda: It could have been that some traffic didn't  
7 come to me. It was held in some other place or for other  
8 people to evaluate. Whatever was provided to me, I read.

9 Mr. Connolly: Who did the providing?

10 Mr. Zepeda: Just through the channels.

11 Mr. Connolly: Was it your impression, based on that work  
12 at that time, that the cocaine trafficking situation was  
13 getting worse all over the hemisphere or better?

14 Mr. Zepeda: It was picking up.

15 Mr. Connolly: Getting worse?

16 Mr. Zepeda: Yes.

17 Mr. Connolly: To what would you attribute that  
18 deterioration? Why was it getting worse?

19 Mr. Zepeda: The activity out of Columbia just picked up  
20 a lot more than it had in previous years. What contributed  
21 to that rise, I do not have an answer for that.

22 Mr. Connolly: When you were at the cocaine desk, were  
23 you aware of problems in Panama with respect to cocaine  
24 trafficking at that time?

25 Mr. Zepeda: I was aware that, as we had always been

1 aware, that Panama was being used as a money-laundering place  
2 and also a meeting place for transactions.

3 Mr. Connolly: And this was being reflected in the cable  
4 traffic?

5 Mr. Zepeda: It just continued to be reflected.

6 Mr. Connolly: Did the DEA cable traffic at that time  
7 reflect a growing suspicion that Colonel, then General  
8 Noriega, was involved himself in drug trafficking or  
9 money-laundering?

10 Mr. Zepeda: I don't have any knowledge of that. I  
11 didn't see any traffic specifically naming Noriega, but just  
12 Panama in general.

13 Mr. Connolly: Was there any doubt in your mind that the  
14 United States government was aware of the role he was playing  
15 in support of the Colombian cartel?

16 Mr. Zepeda: I'm sorry, would you repeat that?

17 Mr. Connolly: Was there any doubt in your mind that the  
18 United States government was aware of his personal role in  
19 assisting the Colombian cartel?

20 Mr. Zepeda: If you go on the assumption that Panama was  
21 being used for these activities, you also have to assume that  
22 he would know about it.

23 Mr. Connolly: Did you ever have personal experience with  
24 or knowledge of Colonel or General Noriega participating in  
25 anything related to drugs?

1 Mr. Zepeda: Not directly, other than some trips that he  
2 made to Columbia.

3 Mr. Connolly: Could you describe that?

4 Mr. Zepeda: During some TDY assignments when I was in  
5 Columbia in Medellin --

6 Mr. Connolly: In what year?

7 Mr. Zepeda: Prior to 1978, but I don't recall exactly  
8 the year.

9 I observed Colonel Noriega at that time and General Omar  
10 Torrijos arrive in a Panamanian aircraft, met by people in  
11 the airport who we believed to be traffickers.

12 Mr. Connolly: And you reported this to Washington?

13 Mr. Zepeda: That's correct.

14 Mr. Connolly: Was there any reaction from your superiors  
15 in Washington to that report?

16 Mr. Zepeda: Not directly to me, no.

17 Mr. McCall: Were they picked up at the ramp?

18 Mr. Zepeda: Yes. The Mercedes went right up the ramp,  
19 picked them up there, and drove off.

20 Mr. McCall: Were there license plates on the cars?

21 Mr. Zepeda: There was no license plates on the cars.  
22 There was no military escort or anything of that type which  
23 would indicate an official visit between governments.

24 Mr. Connolly: The fact that there were no plates on the  
25 car would also be an unusual --

1 Mr. Zepeda: No, not for Medellin.

2 Mr. Connolly: Not for Medellin. But it would be unusual  
3 for a government car not to have plates?

4 Mr. Zepeda: Yes, it would.

5 Mr. Connolly: Subsequently, did you have reports of  
6 return visits of Colonel Noriega to Columbia?

7 Mr. Zepeda: Yes, we had informant information that he  
8 had made one or two other trips, but I don't recall exactly  
9 when or how many trips he made.

10 Mr. Connolly: And you put some credence in those  
11 reports, based on the informant?

12 Mr. Zepeda: Yes, because the information from the  
13 informant -- information he had provided us in the past was  
14 reliable.

15 Mr. Connolly: This was also prior to 1978?

16 Mr. Zepeda: Yes.

17 Mr. Connolly: And you also reported the same to  
18 Washington?

19 Mr. Zepeda: Yes. This visit was during the period of  
20 the same six month time period.

21 Mr. Connolly: Okay. And you also reported that to  
22 Washington?

23 Mr. Zepeda: Yes.

24 Mr. Connolly: And again, no reaction from Washington?

25 Mr. Zepeda: Not directly to me.

1 Mr. Connolly: Was that unusual?

2 Mr. Zepeda: No.

3 Mr. Connolly: The final line of questioning, with  
4 respect to possible remedies. You've been in law  
5 enforcement, Mr. Zepeda, for all of your adult life. You've  
6 watched the problem with respect to drug trafficking get  
7 steadily worse.

8 What in your judgment went wrong? Why has the problem  
9 gotten worse?

10 Mr. Zepeda: That's a difficult question to answer. I  
11 don't know, since I have not been in a position to have had  
12 the opportunity to make a lot of policy decisions. But I  
13 would venture to say that, analyzing information, making  
14 mistakes in analyzing information, not good planning. They  
15 haven't used their resources properly.

16 There's a number of things that you could probably say  
17 was the reason for it.

18 Mr. Connolly: Just digressing, but in this time period  
19 what have you observed in terms of the strengths or relative  
20 weaknesses of cartel operations here in the United States?

21 Mr. Zepeda: In comparison to years past, they're a lot  
22 stronger. They're better organized. They have unlimited  
23 resources, whereas law enforcement usually does not have  
24 those resources.

25 Of course, the boundaries, the legal guidelines that the

1 government has to work with, are not present with the  
2 cartel. So they have more freedom of movement.

3 Mr. Connolly: In the United States, Mr. Zepeda, what  
4 networks have the Colombian cocaine traffickers been able to  
5 take advantage of in their marketing and distribution  
6 efforts?

7 Mr. Zepeda: Well, at one time they were taking advantage  
8 of the Cuban distribution.

9 Mr. Connolly: Could you describe that in some detail?

10 Mr. Zepeda: Well, the Columbians for some time now have  
11 always been the forerunners in the production of the  
12 hydrochloride. And at one time, they used the Cubans  
13 extensively in the distribution because the Cubans had their  
14 nets already established, family ties, known each other from  
15 Cuba, and people had arrived here and so on.

16 I think in recent years the Cubans have also been kind of  
17 put off to one side and the Columbians themselves have  
18 controlled a large majority of the distribution now.

19 Mr. Connolly: Here in the United States?

20 Mr. Zepeda: Yes.

21 Mr. Connolly: When you refer to Cubans, you're referring  
22 to Cuban-Americans living in the United States?

23 Mr. Zepeda: Cuban-Americans, yes.

24 Mr. Connolly: And you say the Columbians now have their  
25 own network and don't need the Cuban-American community?

1 Mr. Zepeda: I don't think they are being used as much as  
2 they were in the past. I think the Columbians have  
3 established their own network of systems.

4 Mr. McCall: But they had access to a network to really  
5 gain a solid foothold?

6 Mr. Zepeda: They did. And I think they still use some  
7 of the Cuban distributions, some of the older Cubans which  
8 have proven to be profitable and trustworthy, but not as much  
9 as they did in the past.

10 Mr. Connolly: When you refer to Cuban-American ties,  
11 you're referring to certain criminal elements within that  
12 community?

13 Mr. Zepeda: Of course.

14 Mr. Connolly: When you say that the ability of the  
15 traffickers to operate in the United States and indeed  
16 throughout the hemisphere has grown much stronger in your  
17 lifetime of work in law enforcement, how would you assess the  
18 ability of the law enforcement community to respond? Has it  
19 also grown a little stronger or has it in fact weakened in  
20 the face of the growing influence of the traffickers?

21 Mr. Zepeda: It's not any weaker. I think that major  
22 efforts are being made to address the issue, the concern.  
23 It's tradition that law enforcement has always been a step  
24 behind the criminal element, and it hasn't changed in terms  
25 of the narcotics trafficking right now.

1 Mr. Connolly: Looking back on things in the last decade  
2 or two, are there things in the law enforcement or  
3 interdiction you think we could have done differently or  
4 should have done differently?

5 Mr. Zepeda: In the interdiction, especially working  
6 overseas, I think that you need people overseas that are  
7 better prepared and better trained. Some of these operations  
8 I think require, especially the field operations, I think  
9 require trained people.

10 And I believe that the military can give some of that  
11 training to mount good overseas field operations.

12 Mr. Connolly: When you talk about training and  
13 preparation, could you be a little more specific? Where do  
14 you see some inadequacies?

15 Mr. Zepeda: Language for one. Frequently you see people  
16 overseas that do not speak the language, people that are not  
17 familiar with the environment, working in the jungles. This  
18 is where I believe that the military would be very valuable  
19 in training people.

20 Mr. McCall: In search and destroy operations for labs,  
21 for example?

22 Mr. Sklar: Do you advocate a role for the military in  
23 this to replace DEA, say in the jungle?

24 Mr. Zepeda: No. I would say that the military would be  
25 valuable in training, providing training to DEA, and also to

1 the host country law enforcement agencies with whom we work.

2 Ms. Larkins: What about providing military equipment to  
3 some of the host countries?

4 Mr. Zepeda: I think that's applicable in some  
5 countries. In some of the countries it's not. That would  
6 have to be addressed on a country by country basis.

7 Mr. Connolly: You've addressed the issue of preparation  
8 and training for our personnel. What about the programs  
9 overall, the strategies we are employing in the countries,  
10 for example, you've served in? Do you think that they are  
11 adequate?

12 Are there changes you think that should be made?

13 Mr. Zepeda: I think there's always room for changes.  
14 And I think earlier I said better planning, better programs,  
15 better goals, identifying definite goals.

16 Mr. Connolly: What about the issue of corruption?  
17 Should we have placed more emphasis on that in the past?

18 Mr. Zepeda: I think that's a primary issue that should  
19 be considered.

20 Mr. Connolly: How should we better consider corruption,  
21 considering the pervasive nature of it and the ability of the  
22 traffickers to spend virtually untold resources?

23 Mr. Zepeda: Being able to have the United States  
24 government, for example, put pressure on host country  
25 governments to punish corrupt officials when they are

1 identified. The general rule is that a corrupt official is  
2 identified, he is removed from that particular position and  
3 transferred someplace else, and that's about the extent of  
4 the action taken by the host country.

5 I think if the United States could put a little bit more  
6 pressure on prosecuting some of these people, that would be a  
7 deterrent.

8 We cannot compete with the trafficker dollar for dollar.  
9 But as the officials start being prosecuted, start being  
10 punished, that may be a deterrent.

11 Mr. McCall: To follow up on that, in our discussion  
12 yesterday, Tom, you made the point that in every country  
13 you've been in there are a lot of honest people.

14 Mr. Zepeda: There are.

15 Mr. McCall: Whose jobs -- they'd be much more effective  
16 if there weren't corrupt officials. That would give them  
17 added incentive, the honest ones.

18 Mr. Zepeda: That's true.

19 Mr. McCall: Doesn't the problem of corruption just  
20 become a little bit more difficult to address, however, when  
21 it is combined with intimidation and assassination?

22 Mr. Zepeda: It is.

23 Mr. Connolly: Given the increasing willingness of, for  
24 example, the Medellin Cartel, to pick a prime example, to  
25 employ assassination in order to force officials to desist

1 from a policy such as extradition that they don't like, how  
2 hard do you think it's going to be to dislodge these folks  
3 once they've become entrenched?

4 Mr. Zepeda: It's going to be very difficult. And your  
5 question is being, I think, directed directly at Columbia  
6 right now. We're talking about Columbia, and the situation  
7 has gotten so much out of hand now, it is going to be twice,  
8 maybe three times as difficult to correct.

9 My comment was in general, in talking about other Latin  
10 American countries that perhaps do not have the seriousness  
11 of the violence that Columbia is having right now. But if it  
12 continues to go unchecked, sooner or later those other  
13 countries are going to be in the same situation that Columbia  
14 is, and it's going to be that difficult to correct, too.

15 Mr. Connolly: Is it your view that corruption is  
16 something that sort of runs throughout the hemisphere, or are  
17 there some countries that seem to have handled it better than  
18 others?

19 Mr. Zepeda: I think that's correct. There are some  
20 countries that handle it a little bit better. Maybe there is  
21 some corruption, but it's maybe more sophisticated, less  
22 obvious, whereas other countries, it's blatant.

23 Mr. Connolly: Could you give us a few examples of  
24 those?

25 Mr. Zepeda: Of the ones that are out in the open?

1 Mr. Connolly: Yes.

2 Mr. Zepeda: I would say Columbia would be one, Mexico,  
3 Bolivia, Honduras.

4 Mr. Connolly: What about a country that strikes you as a  
5 country that generally has tried to make some efforts to  
6 prevent corruption at high levels, or low levels for that  
7 matter, in our hemisphere?

8 Mr. Zepeda: Brazil, Argentina.

9 Mr. Connolly: Are countries where you feel they've  
10 really worked hard at the anti-corruption?

11 Mr. Zepeda: They are trying to keep it under control.

12 Mr. Connolly: What impact does the situation in Columbia  
13 have on other countries in the hemisphere?

14 Mr. Zepeda: Well, the major impact is the violence.

15 Mr. Connolly: It's spreading?

16 Mr. Zepeda: Everybody is aware of the narcotics  
17 involvement of Columbia, but the major impact, what people  
18 take notice of, is the increasing violence.

19 Mr. Connolly: You are now assigned with the Narcotics  
20 Matters Bureau of the State traffic in Bolivia?

21 Mr. Zepeda: Yes.

22 Mr. Connolly: Two years ago the United States, at the  
23 behest of the Bolivian government, launched Operation Blast  
24 Furnace, which involved elements of the United States  
25 military directly intervening for the purpose of drug

1 interdiction in Bolivia.

2 How valid do you think that experience was, and do you  
3 think it's something that ought to be or can be replicated in  
4 other drug problem countries in the hemisphere?

5 Mr. Zepeda: Yes, I think so. The intervention of the  
6 Blackhawks in Blast Furnace were as transportation to move  
7 DEA and host country law enforcement officers from point A to  
8 point B, and in that respect I think it's applicable.

9 In its place now, we have six Hueys which are doing  
10 basically the same thing, but with Bolivian pilots.

11 Mr. Connolly: Do you think there are other countries  
12 where we should use our military in a similar fashion?

13 Mr. Zepeda: Again, it would have to be addressed --

14 Mr. Connolly: What about Mexico, for example, the  
15 largest single source of marijuana and heroin coming into the  
16 United States?

17 Mr. Zepeda: That's more of a political question and  
18 difficult for me to answer that, without knowing and having  
19 access to all the information available involving Mexico.

20 Mr. Sklar: When you're talking about U.S. military  
21 intervention, you're making a distinction between actual use  
22 of U.S. troops versus U.S. equipment? In other words, you're  
23 saying you could see benefit from the U.S. helicopters being  
24 piloted by Bolivian pilots and use in transporting --

25 Mr. Zepeda: Yes, and also using military personnel for



1 training.

2 Mr. Skiars: Right, rather than, say in Operation Blast  
3 Furnace, when U.S. troops actually were part of the  
4 operation?

5 Mr. Zepeda: They were part of the operation in the sense  
6 of transportation only. They were not actively involved in  
7 the raids, other than just moving the troops and the security  
8 of the equipment.

9 Mr. McCall: I have a couple of questions. What do you  
10 think the impact of Matta Ballesteros being arrested and  
11 transferred to the United States will have on the use of  
12 Honduras as a cocaine transshipment country?

13 Mr. Zepeda: Well, number one, I'm very happy to hear  
14 that he got arrested and is being brought to the United  
15 States.

16 Mr. McCall: Let me just say, you kind of followed Ramon  
17 Matta Ballesteros. Can you go through the history of this  
18 particular guy?

19 Mr. Zepeda: I first became aware about Ramon Matta  
20 Ballesteros in 1975 and while on some of my TDY assignments  
21 in Columbia we were actively investigating his activities and  
22 the activities of some of the soldiers, the Columbians. And  
23 so I feel like I know him very well.

24 And a number of times we felt we had him and he got away  
25 from us. So that's why I'm very glad that he was caught.

1 Also I'm very glad because it's been alleged that he was  
2 involved in the kidnapping-murder of Enrique Camarena.

3 Mr. McCall: And was it the summer of '78 or '80 that  
4 there were three cocaine labs?

5 Mr. Zepeda: There was an ongoing investigation that I  
6 think was about six months or eight months, and around August  
7 or July of 1980 it was culminated with seizure, the location  
8 and seizure of about three hydrochloric labs on the outskirts  
9 of Bogota, and seizure of large amounts of hydrochloric  
10 cocaine and cocaine base, the largest which had been made at  
11 that time.

12 And those labs and the others that were seized and the  
13 whole operation was identified as belonging to Matta  
14 Ballesteros and his Colombian associates.

15 Mr. McCall: And then what did you find when Ballesteros  
16 escaped from Columbia and made his way back to Honduras? Did  
17 he have an influence on establishing transshipment points?

18 Mr. Zepeda: Well, Ballesteros, being a Honduran, has  
19 always had connections in Honduras. One of his direct  
20 contacts in Honduras -- or at least the information we had at  
21 the time indicated that he was closely related to Torres  
22 Arias and was receiving protection from Torres Arias.

23 And the reason he left Honduras was because of a homicide  
24 that it was alleged he was involved in committing, not him  
25 himself, but he was part of the conspiracy to get some people

1 killed, because there was a warrant issued for his arrest and  
2 that's the reason why he left.

3 Mr. McCall: But when he returned, he was not convicted  
4 of that?

5 Mr. Zepeda: As far as I understand, I think he was found  
6 not guilty.

7 Mr. McCall: But did you sense there was an increase of  
8 activity upon his return as far as the cocaine, using  
9 Honduras as a transshipment point?

10 Mr. Zepeda: No, I can't say. Maybe there was, but I  
11 don't know if it was attributed to him directly.

12 Mr. McCall: He had the contacts even when he was out of  
13 the country to make that happen?

14 Mr. Zepeda: That's right. And even though there was a  
15 warrant for his arrest, we had information that occasionally  
16 he came in and out of Honduras.

17 Mr. Connolly: Something in your judgment he could not  
18 have done without high level protection?

19 Mr. Zepeda: Or not necessarily high level. It could  
20 have been at lower levels, coming into an airport and paying  
21 somebody to come in undetected and then leaving the same  
22 way.

23 Mr. Connolly: Although if you are correct about the  
24 relationship with Torres Arias, that would have been fairly  
25 high level?

1 Mr. Zepeda: It's possible, because Torres Arias also got  
2 in trouble and he got arrested and got exiled. So during the  
3 time that Juan Ramon Matta Ballesteros was a fugitive out of  
4 Columbia, too, he was in Spain and he was frequently  
5 traveling in and out of Honduras, and Torres Arias was not  
6 there, either.

7 Mr. McCall: What is the impact of this episode, his  
8 being arrested and transferred?

9 Mr. Zepeda: I think that it may make the traffickers sit  
10 up and take notice and maybe think a little bit. And  
11 secondly, maybe it will have a definite impact in using  
12 Honduras as a transshipment point, unless the traffickers  
13 have already established other people. But the arrest of  
14 Matta Ballesteros may be significant, but it's not going to  
15 stop it.

16 Mr. Connolly: Why do you think at this time Matta  
17 Ballesteros was in fact arrested and sent out of the  
18 country?

19 Mr. Zepeda: I don't have any idea.

20 Mr. McCall: Well, I received a phone call yesterday  
21 wondering whether or not you had testified yet, Tom. So  
22 maybe your appearance in Washington expedited that procedure  
23 somewhat.

24 Mr. Zepeda: It would be nice to think that, wouldn't  
25 it?

1 Mr. Sklar: You've been out of the Honduras picture for a  
2 while, but do you still know the actors, especially within  
3 the military? Do you try to keep track of them?

4 Mr. Zepeda: Not directly, but I know some of them, yes.

5 Mr. Sklar: In terms of corruption and narcotics, could  
6 you name people within the military that are more active in  
7 it than others?

8 Mr. Zepeda: I wouldn't know right now even if they are  
9 in any official capacity. I don't know if they're still in  
10 office or they're retired.

11 Ms. Larkin: Can you tell us people that -- and we talked  
12 about this very briefly -- names of people while you were in  
13 Honduras that you had specific information on as to  
14 corruption?

15 Mr. Zepeda: No. The information and some of the actions  
16 that were observed then did not name a specific person. But  
17 some of the drugs that were seized and then they would  
18 disappear in transit from the point of seizure to, say, a  
19 security vault, would lead anyone to believe that it was  
20 being done by those agents involved at that time, that kind  
21 of information independent information from informants that  
22 some official may or may not be receiving moneys for  
23 protection.

24 But some of that information was difficult to confirm.  
25 It was just raw information.

1 Ms. Larkin: Are there any other specific examples, like  
2 drugs being missing while they were being shipped, or an  
3 example of things not being followed up in an expeditious  
4 manner?

5 Mr. Zepeda: I don't remember the year, but it was during  
6 the time period between '81 and '83, there was a large  
7 seizure of cocaine made in Puerto Cortez, which is one of the  
8 ports in northern Honduras, and it was one of the largest  
9 seizures made at that time, about 1,000 some odd kilos of  
10 cocaine.

11 About half of it disappeared en route from Puerto Cortez  
12 to Tegucigalpa, where it was going to be deposited in the  
13 central bank for safekeeping. And half of that was stolen en  
14 route.

15 After the drugs were in the bank, periodically we had  
16 information that drugs were being taken out of the vault and  
17 substituted by non-narcotic substances. And the people in  
18 control of all of this action were the police and the navy.  
19 So that is the type of corruption that I'm referring to.

20 Ms. Larkin: Do you have any information about people,  
21 for example, at airports or navy at ports sort of looking the  
22 other way when drugs were coming into the country or going  
23 out of the country?

24 Mr. Zepeda: Not specific information, no.

25 Mr. Connolly: Just going back to something you talked

1 about, you personally once witnessed then Colonel Noriega and  
2 the late General Omar Torrijos arriving at the Medellin  
3 Airport and being met by an unmarked Mercedes?

4 Mr. Zepeda: Two.

5 Mr. Connolly: Two Mercedes, excuse me. Some time  
6 between 1973, but before 1978, correct?

7 Mr. Zepeda: That's correct.

8 Mr. Connolly: Could there be any other reason for those  
9 two Panamanians to be in Medellin? What other reasons  
10 besides a possible drug connection meeting could these two  
11 leaders be in Medellin, Columbia?

12 Mr. Zepeda: That's difficult for me to answer, because  
13 there is a number of reasons why they could have been there.  
14 But using my experience, the way they arrived, the way they  
15 were met -- I said two Mercedes because one was the people  
16 that were meeting them and the other Mercedes was bodyguards  
17 with machine guns.

18 Mr. Connolly: In military uniforms?

19 Mr. Zepeda: No, in civilian clothes.

20 Mr. Connolly: Civilians.

21 Mr. Zepeda: Which doesn't mean too much, because in  
22 Latin America a lot of the security forces run around in  
23 civilian clothes.

24 But normally in conjunction with civilian security you  
25 always see uniformed security, and there was no uniformed

1 security. The vehicles and the people that came out of the  
2 vehicles led us to believe that they were traffickers.

3 Mr. Connolly: Was the airplane landing coming from  
4 Panama directly or from Bogota?

5 Mr. Zepeda: It was coming from Panama.

6 Mr. Connolly: Would you not expect military leaders or  
7 political leaders of another country in the region to go to  
8 Bogota if they were on official business to meet with their  
9 Columbian counterparts?

10 Mr. Zepeda: I would imagine that that would be the case  
11 if they were coming in on an official visit.

12 Mr. Connolly: Are there major military installations in  
13 Medellin that might occasion a visit from Panamanian officers  
14 of this level?

15 Mr. Zepeda: It's possible. There is a military division  
16 there headquartered in Medellin. But again, there was no  
17 presence of military officers or uniformed military at the  
18 airport receiving them.

19 Mr. Connolly: I have no further questions. Is there  
20 anything else that you'd like to expand upon or things you  
21 think that we haven't covered, that you think we should?

22 Mr. Zepeda: I can't think of anything.

23 Mr. Connolly: Let's just take a minute break until Mr.  
24 McCall can return, in case he has some other questions.

25 [Pause.]

1 Mr. McCall: I have no further questions.

2 Mr. Connolly: The Committee very much appreciates your  
3 coming.

4 [Whereupon, at 5:55 p.m., the interview was adjourned.]

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