

Edition: US

- FRONT PAGE
- POLITICS ENTERTAINMENT
- WHAT'S WORKING
- HEALTHY LIVING
- WORLDPOST HIGHLINE
- HUFFPOST LIVE
- ALL SECTIONS

Key Figures In CIA-Crack Cocaine Scandal Begin To Come Forward

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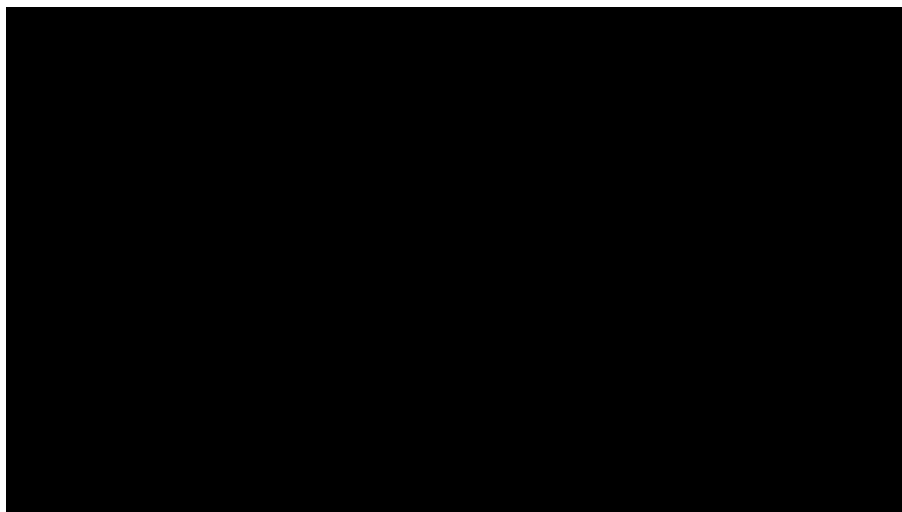


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LOS ANGELES -- With the public in the U.S. and Latin America becoming increasingly skeptical of the war on drugs, key figures in a scandal that once rocked the Central Intelligence Agency are coming forward to tell their stories in a new documentary and in a series of interviews with The Huffington Post.

More than 18 years have passed since Pulitzer Prize-winning journalist Gary Webb stunned the world with his "Dark Alliance" newspaper series investigating the connections between the CIA, a crack cocaine explosion in the predominantly African-American neighborhoods of South Los Angeles, and the Nicaraguan Contra fighters -- scandalous implications that outraged LA's black community, severely damaged the intelligence agency's reputation and launched a number of

federal investigations.

It did not end well for Webb, however. Major media, led by The New York Times, Washington Post and Los Angeles Times, worked to discredit his story. Under intense pressure, Webb's [top editor abandoned him](#). Webb was drummed out of journalism. One LA Times reporter recently [apologized](#) for his leading role in the assault on Webb, but it came too late. Webb died in 2004 from an apparent suicide. Obituaries referred to his investigation as "discredited."

Now, Webb's bombshell expose is being explored anew in a documentary, "Freeway: Crack in the System," directed by Marc Levin, which tells the story of "Freeway" Rick Ross, who created a crack empire in LA during the 1980s and is a key figure in Webb's "Dark Alliance" narrative. The documentary is being released after the major motion picture "Kill The Messenger," which features Jeremy Renner in the role of Webb and hits theaters on Friday.

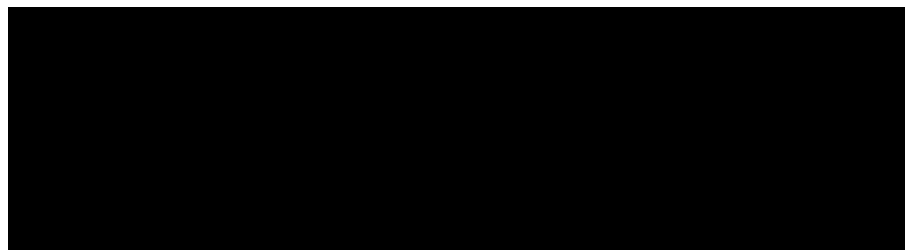
Webb's investigation was published in the summer of 1996 in the San Jose Mercury News. In it, he reported that a drug ring that sold millions of dollars worth of cocaine in Los Angeles was funneling its profits to the CIA's army in Nicaragua, known as the Contras.

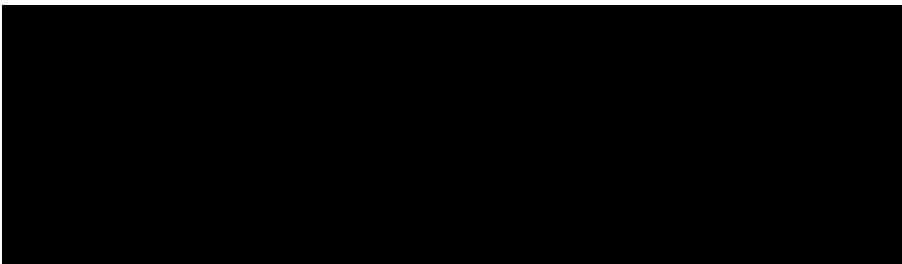
Webb's original anonymous source for his series was Coral Baca, a confidante of Nicaraguan dealer Rafael Cornejo. Baca, Ross and members of his "Freeway boys" crew; cocaine importer and distributor Danilo Blandon; and LA Sheriff's Deputy Robert Juarez all were interviewed for Levin's film.

The dual release of the feature film and the documentary, along with the willingness of long-hesitant sources to come forward, suggests that Webb may have the last word after all.

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Webb's entry point into the sordid tale of corruption was through Baca, a ghostlike figure in the Contra-cocaine narrative who has given precious few interviews over the decades. Her name was revealed in Webb's 1998 book on the scandal, but was removed at her request in the paperback edition. Levin connected HuffPost with Baca and she agreed to an interview at a cafe in San Francisco. She said that she and Webb didn't speak for years after he revealed her name, in betrayal of the conditions under which they spoke. He eventually apologized, said Baca, who is played by Paz Vega in "Kill The Messenger."





The major media that worked to undermine Webb's investigation acknowledged that Bandon was a major drug-runner as well as a Contra supporter, and that Ross was a leading distributor. But those reports questioned how much drug money Bandon and his boss Norwin Meneses turned over to the Contras, and whether the Contras were aware of the source of the funds.

During her interview with HuffPost, Baca recounted meeting Contra leader Adolfo Calero multiple times in the 1980s at Contra fundraisers in the San Francisco Bay Area. He would personally pick up duffel bags full of drug money, she said, which it was her job to count for Cornejo. There was no question, she said, that Calero knew precisely how the money had been earned. Meneses' nickname, after all, was El Rey De Las Drogas -- The King of Drugs.

"If he was stupid and had a lobotomy," he might not have known it was drug money, Baca said. "He knew exactly what it was. He didn't care. He was there to fund the Contras, period." (Baca made a [similar charge confidentially](#) to the Department of Justice for its 1997 review of Webb's allegations, as well as further allegations the investigators rejected.)

Indeed, though the mainstream media at the time worked to poke holes in Webb's findings, believing that the Contra operation was not involved with drug-running takes an enormous suspension of disbelief. Even before Webb's series was published, numerous government investigations and news reports had linked America's support for the Nicaraguan rebels with drug trafficking.

After The Associated Press reported on these connections in 1985, for example, [more than a decade before Webb](#), then-Sen. John Kerry (D-Mass.) launched a congressional investigation. In 1989, Kerry released [a detailed report](#) claiming that not only was there "considerable evidence" linking the Contra effort to trafficking of drugs and weapons, but that the U.S. government knew about it.

According to the report, many of the pilots ferrying weapons and supplies south for the CIA were known to have backgrounds in drug trafficking. Kerry's investigation cited SETCO Aviation, the company the U.S. had contracted to handle many of the flights, as an example of CIA complicity in the drug trade. According to a 1983 Customs Service report, SETCO was "headed by Juan Ramon Matta Ballesteros, a class I DEA violator."

Two years before the Iran-Contra scandal would begin to bubble up in the Reagan

White House, pilot William Robert “Tosh” Plumlee [revealed to then-Sen. Gary Hart \(D-Colo.\)](#) that planes would routinely transport cocaine back to the U.S. after dropping off arms for the Nicaraguan rebels. Plumlee has since spoken in detail about the flights in [media interviews](#).

“In March, 1983, Plumlee contacted my Denver Senate Office and ... raised several issues including that covert U.S. intelligence agencies were directly involved in the smuggling and distribution of drugs to raise funds for covert military operations against the government of Nicaragua,” a copy of [a 1991 letter from Hart to Kerry](#) reads. (Hart told HuffPost he recalls receiving Plumlee's letter and finding his allegations worthy of follow-up.)

Plumlee flew weapons into Latin America for decades for the CIA. When the Contra revolution took off in the 1980s, Plumlee says he continued to transport arms south for the spy agency and bring cocaine back with him, with [the blessing of the U.S. government](#).

The Calero transactions Baca says she witnessed would have been no surprise to the Reagan White House. On April 15, 1985, around the time Baca says she saw Calero accepting bags of cash, Oliver North, the White House National Security Counsel official in charge of the Contra operation, was [notified in a memo](#) that Calero's deputies were involved in the drug business. Robert Owen, North's top staffer in Central America, warned that Jose Robelo had “potential involvement with drug-running and the sale of goods provided by the [U.S. government]” and that Sebastian Gonzalez was “now involved in drug-running out of Panama.”

North's own diary, originally uncovered by the National Security Archive, is a rich source of evidence as well. “Honduran DC-6 which is being used for runs out of New Orleans is probably being used for drug runs into the U.S.,” reads an entry for Aug. 9, 1985, reflecting a conversation North had with Owen about Mario Calero, Adolfo's brother.

An entry from July 12, 1985 relates that “14 million to finance [an arms depot] came from drugs” and another [reference](#) a trip to Bolivia to pick up “paste.” (Paste is slang term for a crude cocaine derivative product comprised of coca leaves grown in the Andes as well as processing chemicals used during the cocaine manufacturing process.)

Celerino Castillo, a top DEA agent in El Salvador, investigated the Contras' drug-running in the 1980s and repeatedly warned superiors, according to [a Justice Department investigation into the matter](#). Castillo “believes that North and the Contras' resupply operation at Ilopango were running drugs for the Contras,” Mike Foster, an FBI agent who worked for the Iran-Contra independent counsel Lawrence Walsh, [reported](#) in 1991 after meeting with Castillo, who later wrote the book *Powderburns* about his efforts to expose the drug-running.

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Webb's investigation sent the CIA into a panic. A recently declassified article titled [“Managing A Nightmare: CIA Public Affairs and the Drug Conspiracy Story.”](#) from the agency’s internal journal, “Studies In Intelligence,” shows that the spy agency was reeling in the weeks that followed.

“The charges could hardly be worse,” the [article](#) opens. “A widely read newspaper series leads many Americans to believe CIA is guilty of at least complicity, if not conspiracy, in the outbreak of crack cocaine in America’s inner cities. In more extreme versions of the story circulating on talk radio and the Internet, the Agency was the instrument of a consistent strategy by the US Government to destroy the black community and to keep black Americans from advancing. Denunciations of CIA -- reminiscent of the 1970s -- abound. Investigations are demanded and initiated. The Congress gets involved.”

The emergence of Webb's story “posed a genuine public relations crisis for the Agency,” writes the CIA Directorate of Intelligence staffer, whose name is redacted.

In December 1997, CIA sources helped advance that narrative, telling reporters that an internal inspector general report sparked by Webb's investigation had exonerated the agency.

Yet the [report](#) itself, quietly released several weeks later, was actually deeply damaging to the CIA.

“In 1984, CIA received allegations that five individuals associated with the Democratic Revolutionary Alliance (ARDE)/Sandino Revolutionary Front (FRS) were engaged in a drug trafficking conspiracy with a known narcotics trafficker, Jorge Morales,” the report found. “CIA broke off contact with ARDE in October 1984, but continued to have contact through 1986-87 with four of the individuals involved with Morales.”

It also found that in October 1982, an immigration officer reported that, according to an informant in the Nicaraguan exile community in the Bay Area, “there are indications of links between [a specific U.S.-based religious organization] and two Nicaraguan counter-revolutionary groups. These links involve an exchange in [the United States] of narcotics for arms, which then are shipped to Nicaragua. A meeting on this matter is scheduled to be held in Costa Rica ‘within one month.’ Two names the informant has associated with this matter are Bergman Arguello, a UDN member and exile living in San Francisco, and Chicano Cardenal, resident of Nicaragua.”

The inspector general is clear that in some cases “CIA knowledge of allegations or information indicating that organizations or individuals had been involved in drug

trafficking did not deter their use by CIA." In other cases, "CIA did not act to verify drug trafficking allegations or information even when it had the opportunity to do so."

"Let me be frank about what we are finding," the CIA's inspector general, Frederick Hitz, said in [congressional testimony](#) in March 1998. "There are instances where CIA did not, in an expeditious or consistent fashion, cut off relationships with individuals supporting the Contra program who were alleged to have engaged in drug trafficking activity or take action to resolve the allegations."

* * * * *

One of the keys to Webb's story was testimony from Danilo Bandon, who the Department of Justice once described as one of the most [significant](#) Nicaraguan drug importers in the 1980s.

"You were running the LA operation, is that correct?" Bandon, who was serving as a government witness in the 1990s, was asked by Alan Fenster, attorney representing Rick Ross, in 1996.

"Yes. But remember, we were running, just -- whatever we were running in LA, it goes, the profit, it was going to the Contra revolution," [Bandon said](#).

Levin, the documentary filmmaker, tracked down Bandon in Managua.

"Gary Webb tried to find me, Congresswoman Maxine Waters tried to find me, Oliver Stone tried to find me. You found me," Bandon told Levin, according to notes from the interview the director provided to HuffPost.

Waters, a congresswoman from Los Angeles, had followed Webb's investigation with one of her own.

In the interview notes with filmmaker Levin, Bandon confirms his support of the Contras and his role in drug trafficking, but downplays his significance. "The big lie is that we started it all -- the crack epidemic -- we were just a small part. There were the Torres [brothers], the Colombians, and others," he says. "We were a little marble, pebble, rock and [people are] acting like we're big boulder."



The Managua lumberyard where Levin tracked down Blandon.

Webb's series connected the Contras' drug-running directly to the growth of crack in the U.S., and it was this connection that faced the most pushback from critics. While Blandon may have been operating on behalf of the Contras early in his career, they charged, he later broke off on his own. But an October 1986 arrest warrant for Blandon indicates that the LA County Sheriff's Department at the time had other information.

"Blandon is in charge of a sophisticated cocaine smuggling and distribution organization operating in southern California," the warrant reads, according to [Webb's original report](#). "The monies gained through the sales of cocaine are transported to Florida and laundered through Orlando Murillo who is a high-ranking officer in a chain of banks in Florida. ... From this bank the monies are filtered to the Contra rebels to buy arms in the war in Nicaragua."

Blandon's number-one client was "Freeway" Rick Ross, whose name has since been usurped by the rapper William Leonard Roberts, better known by his stage name "Rick Ross" (an indignity that plays a major role in the film). The original Ross, who was arrested in 1995 and freed from prison in 2009, [told Webb in "Dark Alliance"](#) that the prices and quantity Blandon was offering transformed him from a small-time dealer into what prosecutors would later describe as the most significant crack cocaine merchant in Los Angeles, if not the country.

His empire -- once dubbed the "[Walmart of crack cocaine](#)" -- expanded east from LA to major cities throughout the Midwest before he was eventually taken down during [a DEA sting](#) his old supplier and friend Blandon helped set up.

Levin's film not only explores the corrupt foundations of the drug war itself, but also calls into question the draconian jail sentences the U.S. justice system meted out to a mostly minority population, while the country's own foreign policy abetted the drug trade.

"I knew that these laws were a mistake when we were writing them," says Eric Sterling, who was counsel to the U.S. House Judiciary Committee in the 1980s and a key contributor to the passage of mandatory-minimum sentencing laws, in the documentary.

In 1980, there were roughly 40,000 drug offenders in U.S. prisons, according to [research from The Sentencing Project](#), a prison sentencing reform group. By 2011, the number of drug offenders serving prison sentences ballooned to more than 500,000 -- most of whom are not high-level operators and are without prior criminal records.

"There is no question that there are tens of thousands of black people in prison serving sentences that are decades excessive," Sterling says. "Their families have been destroyed because of laws I played a central role in writing."

The height of the drug war in the 1980s also saw the beginning of the militarization of local law enforcement, the tentacles of which are seen to this day, most recently in [Ferguson, Missouri](#).

In an interview with The Huffington Post, former LA County Sheriff's Deputy Robert Juarez, who served with the department from 1976 to 1991 and was later convicted along with several other deputies in 1992 during a federal investigation of sheriff officers stealing seized drug money, described a drug war culture that frequently put law enforcement officers into morally questionable situations that were difficult to navigate.



The hunter and the hunted: A Los Angeles detective finally meets the kingpin he'd pursued.

"We all started getting weapons," said Juarez, who served five years in prison for skimming drug-bust money. "We were hitting houses coming up with Uzis, AK-47s, and we're walking in with a six-shooter and a shotgun. So guys started saying, 'I'm going to get me a semi-automatic and the crooks are paying for it.' So that's how it started."

But Juarez, who served in the LA County Sheriff's narcotics division for nearly a decade, explained that what started as a way for some officers to pay for extra weapons and informants to aid in investigations quickly devolved into greed. Since asset forfeiture laws at the time allowed the county to keep all cash seized during a drug bust, Juarez says tactics changed.

“It got to where we were more tax collectors than we were dope cops,” Juarez recalled. “Everything seized was coming right back to the county. We turned into the same kind of crooks we’d been following around ... moving evidence around to make sure the asshole goes to jail; backing up other deputies regardless of what it was. Everyone, to use a drug dealer’s term, everyone was taking a taste.”

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Between 1982 and 1984, Congress restricted funding for the Contras, and by 1985 cut it off entirely. The Reagan administration, undeterred, conspired to sell arms to Iran in exchange for hostages, using some of the proceeds to illegally fund the Contras. The scandal became known as Iran-Contra.

Drug trafficking was a much less convoluted method of skirting the congressional ban on funding the Contras, and the CIA’s inspector general found that in the early years after Congress cut off Contra funding, the CIA had alerted Congress about the allegations of drug trafficking. But while the ban was in effect, the CIA went largely silent on the issue.

“CIA did not inform Congress of all allegations or information it received indicating that Contra-related organizations or individuals were involved in drug trafficking,” the inspector general’s report found. “During the period in which the FY 1987 statutory prohibition was in effect, for example, no information has been found to indicate that CIA informed Congress of eight of the ten Contra-related individuals concerning whom CIA had received drug trafficking allegations or information.”

This complicity of the CIA in drug trafficking is at the heart of Webb’s explosive expose -- a point Webb makes himself in archival interview footage that appears in Levin’s documentary.

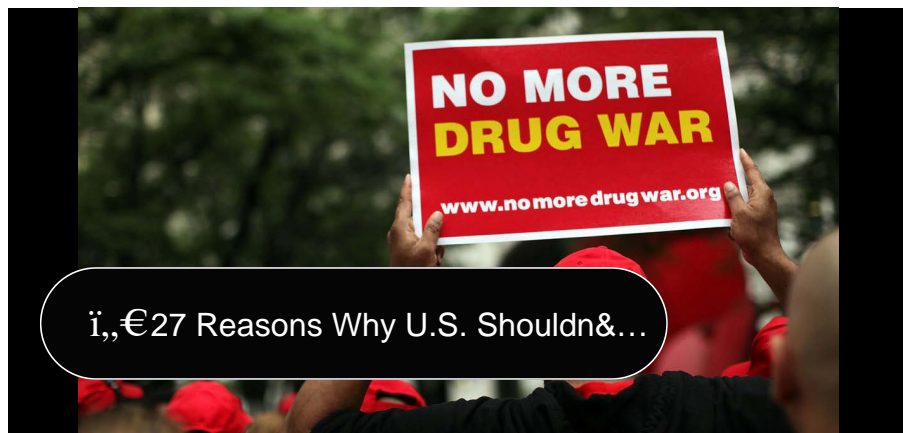
“It’s not a situation where the government or the CIA sat down and said, ‘Okay, let’s invent crack, let’s sell it in black neighborhoods, let’s decimate black America,’” Webb says. “It was a situation where, ‘We need money for a covert operation, the quickest way to raise it is sell cocaine, you guys go sell it somewhere, we don’t want to know anything about it.’”

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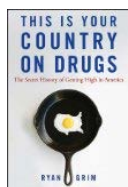
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