

The Mexican connection: another piece in the complex Iran-contra puzzle

By Mike Tangeman

MEXICO CITY

A MEXICAN CONNECTION IN THE IRAN-contra scandal, long suspected by observers here, is now coming to light.

As the pieces of the puzzle fall together, evidence shows that leaders of the conservative National Action Party (PAN), former Nicaraguan businessmen now in exile in Mexico and a shadowy Israeli arms dealer are all involved in some way in Mexico's contragate connection.

A prominent leader of the conservative opposition PAN, Ricardo Villa Escalera, confirmed last week in interviews with a Mexican newspaper that a May 10 report in the *Miami Herald* alleging he had met in Washington, D.C. in August with convicted private-sector contra fund-raiser Carl Channell was true.

"I met several times with Channell and his people, in his offices on Connecticut Street in Washington," Villa told the newspaper *La Jornada*, contradicting earlier denials by the party's national committee that any PAN leaders had associated with Channell.

According to the *Herald* report, memos written by Channell's secretary indicate that he spoke with the PAN leader about the possibility of raising \$210,000 for the contras from Mexican businessmen who support the opposition party here. But Villa denied that the matter was ever discussed in the meeting, claiming that he approached Channell for help in publicizing in the U.S. the alleged electoral fraud in Mexico.

Villa, a former PAN candidate for governor in the state of Puebla, also named the party's ex-candidate for governor in the state of Nuevo Leon, Alfredo Corella, as one of the two other prominent party leaders who met with Channell.

The PAN was buffeted May 13 by heavy criticism in the national congress because party involvement would run contrary to Mexico's official position against outside funding of irregular forces in Central America. But the conservative party's leadership claimed it had no knowledge of the meetings and that Villa was not authorized to represent the party abroad.

The Mexican newspaper also reported that former Sandinista ambassador to Mexico, Carlos Gutierrez Sotelo, who is now sympathetic to the contras and lives in Mexico City, was recently approached by contra leader Adolfo Calero's Nicaraguan Democratic Force (FDN) about setting up a front company in Mexico to handle transfer of funds to the contras in Honduras.

Both *La Jornada* and the weekly news magazine *Proceso* have also pointed to former Nicaraguan businessman Jaime Morales Carazo as the contras' link to conservative Mexican businessmen. Morales, who is now a naturalized Mexican citizen, is the brother of José Morales Carazo, who is contra leader Calero's lawyer and reportedly has been called to testify before U.S. Special Prosecutor Lawrence Walsh several times on the Iran-contra arms deal.

Ties that bind: Behind the scenes, however, hovers an Israeli arms dealer with a long history in Mexico and Central America who has been named in a U.S. State Department report cited by the *Miami Herald* in

November as one of two men who served as couriers in the transfer of monies from the Iran arms sale from a Caribbean bank account to contra leaders in Honduras. According to the unconfirmed report, Israeli arms dealers David Marcos Katz and Pesah Ben Or personally carried the funds from a Caribbean island to contra leaders in Honduras.

Katz reportedly maintains a home in Israel, but is a long-time resident of Mexico with business and family ties here. According to a source who has checked on Katz through his acquaintances in Israel, the arms dealer is a member of the conservative Gush Emunim sect and has operated out of Mexico for at least the past 10 years as regional representative of several Israeli defense companies and arms manufacturers, including the prestigious Israeli Aircraft Industries (IAI).

According to a source in the U.S. familiar with Israeli activities in Central America, Katz has top-level contacts with both the Honduran and Mexican military; his ties with the latter reportedly allow him to operate from Mexico with impunity, despite the country's official position of neutrality in the region's armed conflicts.

Katz was reportedly the intermediary in the sale to dictator Anastasio Somoza in the late '70s of Arava 201 short takeoff and landing planes (STOL) for counterinsurgency operations against the Sandinistas. The source

also said that Katz allegedly earns a 15 percent commission off all Israeli arms sales he makes in the region, and that a plastics firm Katz owns on the outskirts of Mexico City serves as a front for his arms deals.

A secretary at the Mexico City plastics firm Industria Mexicana de Plasticos Olimpia confirmed when contacted by telephone that Katz was the owner, but said he was unavailable to talk to a reporter.

A middle Eastern diplomatic source here, who keeps tabs on Israeli activities in the region, said that Katz "is either Mexican with an Israeli passport or he's a naturalized Is-

The trail leads to former Nicaraguan businessmen and an Israeli arms dealer.

raeli." Other sources familiar with Katz said they believe he is Israeli.

According to the Middle Eastern source who requested anonymity, in the late '70s Katz operated out of an office in the plush Polanco district of Mexico City. At that time the Mexican government was involved in negotiations with Israel for construction of an IAI plant in Mexico "for the manufacture of Israeli Kfir fighter planes and Katz was involved in that," said the source.

Going back: A search through old Mexican press clippings revealed the Polanco office to have been IAI's regional headquarters. Leaders of the left Socialist Workers Party got wind of the operation and denounced it in a September 1978 press conference as a violation of Mexican neutrality because of the reported sale to Somoza of the Arava aircraft. The office was subsequently closed and the aircraft plant was never built here.

In January 1981, after IAI director Rafael Gidor visited Mexico, a Mexican military mission led by then Defense Secretary Gen. Felix Galvan traveled to Israel to look into the possible purchase of Kfir fighters. One former top-ranking officer who was part of the delegation said he met Katz "while he was guiding us around the [IAI] installations. He spoke perfect Spanish, but I couldn't tell you if he was Mexican or Israeli...."

According to the former officer, Katz also met with the delegation on other occasions and appeared to be the go-between in the deal, which eventually fell through when Mexico decided to purchase F5 fighters from the U.S. instead.

Since his dealings with the Mexican military Katz's more recent activities may have included a role in the construction of an Israeli arms factory in Guatemala in the early '80s, according to knowledgeable sources here. One of those sources said Katz not only has strong ties to the Honduran military, but also reportedly is on very good terms with Calero's FDN lieutenants in Honduras.

"If anyone were to be involved in carrying that money to them it would be someone like Katz," he said.

Mike Tangeman is *In These Times'* correspondent in Mexico.

Contras warn internationalists: Ben Linder's fate could be yours

By Daniel Lazare & Jim Naureckas

IN THE WAKE OF BENJAMIN LINDER'S DEATH, THE contras continue to threaten U.S. citizens living in Nicaragua, according to testimony presented to a congressional subcommittee on May 14.

Mary Risacher, a U.S. citizen working in Matagalpa, Nicaragua, testified before the House Foreign Affairs subcommittee on Western Hemispheric Affairs that days after Linder, an engineer working on a hydroelectric project in Nicaragua, had been killed in a contra attack, the contras broadcast this

Former contra leader Edgar Chamorro explained the contras' new policy this way: "The CIA has decided to kill people working for the Nicaraguan government."

message after attacking a police station in the Nicaraguan village of San Dionisio: "People of San Dionisio, don't walk near the police station, don't walk down the street with a soldier and don't walk down the street with an international worker. It could be dangerous for you."

The message, Risacher said, was broadcast over Radio Liberacion, a contra radio station believed to broadcast from El Salvador. The station began broadcasting in January 1987, soon after the CIA resumed day-to-day supervision of the contra operation.

Enemy nuns: Last year the Nicaraguan Democratic Force (FDN), the largest contra military force and the one most closely linked to the U.S., adopted a policy of treating development foreign workers as "part of the enemy."

Frank Arana, a contra spokesman believed to play a major role at Radio Liberacion, announced in May 1986 that "any foreigner who voluntarily aids in development and reconstruction projects is considered an enemy."

The contras have used their radio stations for threats against U.S. citizens before. One Catholic churchwoman said she was called "a Communist red nun" and that her car's make and license-plate number were read over the air. But the message broadcast over Radio Liberacion is the first reported threat to foreign workers since Linder was killed.

The broadcast raises questions about the U.S. government's role in Linder's death. Edgar Chamorro, who ran the contras' Fifteenth of September radio station from 1982 to 1984 when he was director of communications for the FDN, told *In These Times* that the CIA always closely supervised day-to-day operations of contra broadcasts. "Everything was very specifically controlled, not only the content but the form, the amount of music,

the editorials, facts and opinions—all were totally managed by the CIA."

When asked whether the contras could have broadcast a threat against U.S. citizens without CIA approval, Chamorro replied, "The control is so tight that something like that would not be possible."

Chamorro said that the killing and the FDN's unapologetic admission of responsibility showed a change in policy by the CIA. "A message was sent by this killing, or assassination, to American internationalists working for the Sandinistas," he said. "The CIA had decided to kill people working for the Nicaraguan government."

A target, not a casualty: Mary Risacher, a nurse who examined Linder's body after his death, also confirmed in her testimony a Nicaraguan coroner's report that Linder was not killed by a hand grenade, as was first reported, but was shot in the head at close range after being wounded. This supports allegations made by associates of Linder that he had been targeted by the contras and was not just an accidental casualty of war.

Rep. Les AuCoin (D-OR), the congressman from Linder's home district, has asked Secretary of State George Shultz to launch a full investigation of the circumstances surrounding Linder's death. But a State Department official said that the U.S. would not be doing its own research on the case. "The U.S. has not sent officers in to investigate because it is a war zone," the official said. But she said a full investigation would be carried out by the Nicaraguan Association for Human Rights—the contra human rights organization.

Daniel Lazare and **Jim Naureckas** both write regularly for *In These Times*.

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By Murray Waas

WASHINGTON

WHEN ATTORNEY GENERAL EDWIN Meese held his now-historic press conference last November 25 at which he disclosed the diversion of the profits from U.S. arms sales to Iran, he firmly asserted that Lt. Col. Oliver North was the only individual who "knew precisely" about the diversion. Former National Security Council (NSC) advisers Robert McFarlane and Admiral John Poindexter were the only other officials in the Reagan administration who were aware there was a diversion and even they had only limited knowledge about it. The wrongdoing, Meese assured the nation, stopped there.

But in the months that have followed, after investigations by the House Foreign Affairs and Senate Intelligence Committees, the Tower Commission report and press accounts, a different story is emerging: the diversion of Iranian arms sales to the contras was only one of dozens of potentially illegal acts that senior administration officials were involved in to support the Nicaraguan contras at a time that federal law explicitly prohibited such activity. And such lawbreaking went far beyond just the National Security Council and its staff: emerging evidence—confirmed in part by the first couple of weeks of the joint congressional hearings on the Iran-contra scandal—show a pervasive conspiracy by many of President Reagan's top aides in the State Department, the Defense Department, the CIA and the Office of the Vice President to circumvent and, in some cases, directly violate the law. Attorney General Meese and senior aides in the Justice Department also acted to stifle and obstruct investigations that would

With so many of his top aides already implicated in the conspiracy—the late CIA Director William Casey, Meese, Poindexter and McFarlane—and Assistant Secretary for Inter-American Affairs Elliott Abrams—an obvious question arises: could so many of the president's men be involved in circumventing and violating the law without Ronald Reagan's approval, or at least his contemporaneous knowledge of their efforts? Special Prosecutor Lawrence Walsh, the select congressional committees and the American people will undoubtedly focus on the answer to that question in the weeks and months ahead.

Since the administration first began its covert war against the Sandinistas, Congress had placed various restrictions on those covert operations. The law that was broken so often and brazenly by the Reagan administration is commonly referred to as "The Second" Boland Amendment.

But following the disclosures of the covert CIA mailing of Nicaraguan harbors and the existence of a manual prepared by the CIA advocating that the contras "liquidate" Sandinista officials, Congress placed its most severe restrictions on the administration's activities in support of the contra war.

The amendment drafted by Rep. Edward Boland (D-MA) to the 1985 Defense Department's Appropriation Act stated: "During fiscal year 1985, no funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose of which would have the effect of supporting, directly or indirectly, military or paramilitary operations" against the Sandinista government.

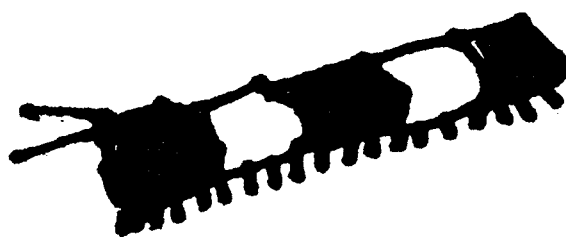
Senior Reagan administration officials

Miles DeCoster

A large, stylized graphic of a spiral made of the word 'GIVE' repeated many times, forming a circular shape. The text is arranged in a continuous, winding path that spirals outwards from the center, creating a sense of motion and repetition. The word 'GIVE' is written in a bold, sans-serif font, and the entire graphic is rendered in black on a white background.



Give



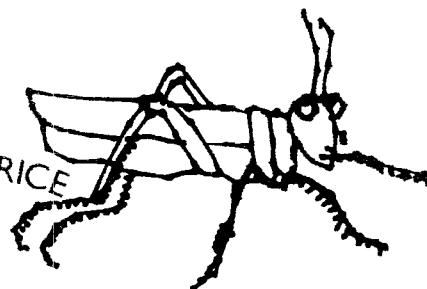
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