

**Office of Inspector General  
Investigations Staff**

**OVERVIEW**

**Report of Investigation  
Concerning Allegations of Connections  
Between CIA and The Contras in Cocaine  
Trafficking to the United States  
(96-0143-IG)**

**January 29, 1998**

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### Allegations

In August 1996, the *San Jose Mercury News* published the "Dark Alliance" series of articles alleging, among other things, that cocaine was "virtually unobtainable in black neighborhoods before members of the CIA's army"--the Nicaraguan Contras--started bringing it into South Central Los Angeles in the 1980s. The articles stated that Danilo Bandon, identified as a former Contra leader and a supplier of cocaine to Los Angeles drug dealer Ricky Ross, had testified in court that his cocaine profits supported the Contras, and that Bandon's attorney had concluded that Bandon was selling cocaine for CIA.

The articles also reported that major narcotics trafficker Norwin Meneses had a relationship with the Contras, that CIA or others had hampered the criminal investigation of Meneses and that a relative of Meneses alleged that Meneses had financed the Contras. The articles also claimed that an associate of Bandon, Ronald Lister, was connected to CIA.

Further, the articles claimed that Carlos Cabezas, who had been convicted in a 1983 San Francisco drug prosecution known as "The Frogman Case," was connected to Meneses and that Cabezas had obtained cocaine from drug trafficker Horacio Pereira, who had contact with the Contras. Finally, the articles reported that funds that had been seized from Julio Zavala, a leader of the prosecuted drug ring, had been returned to him by the U.S. Attorney's Office because of Zavala's claim that the money belonged to the Contras.

### The Office of Inspector General Investigation

Director of Central Intelligence John Deutch asked the CIA Inspector General to investigate these allegations of connections between CIA, the Contras and drug trafficking. A 17-person team was formed to conduct the investigation and to work closely with the Department of Justice/Office of the Inspector General. The team reviewed 250,000 pages of documents and conducted over 365 interviews, most under oath, including current and former CIA employees, other current and former U.S. Government officials, as well as private citizens and foreign nationals. The principal individuals discussed in the *San Jose Mercury News* articles, including Ross, Bandon, Meneses, Lister, Zavala, and Cabezas, were among those interviewed. The Office of Inspector General interviews involved travel to four continents and throughout the United States.

### Investigative Findings: Ross, Bandon, Meneses, and Lister

**Ricky Ross.** There has never been any CIA relationship with Ricky Ross. Ross states that he provided no money to the Contras and had no contact with the Contras or CIA. Ross also denies that CIA or the Contras had anything to do with his drug trafficking.

Ross says he began dealing cocaine in 1979 or 1980 and learned to make "crack" in 1981 from another acquaintance in Los Angeles, not CIA. He met Bandon in 1983 and claims to have become the largest Los

Angeles cocaine dealer before ever meeting Blandon. Ross claims to have purchased 100 kilograms of cocaine weekly from Blandon and 40 to 100 kilograms a week from another dealer, Ivan Torres. Ross says he obtained cocaine from Blandon until 1988 or 1989.

Ross says he believes that CIA was involved with Blandon. However, he says this belief is based solely on what he has learned from the media. Ross says he has no knowledge of any contacts between Blandon and CIA.

**Danilo Blandon.** There has never been any CIA relationship with Danilo Blandon, and CIA was unaware of Blandon until 1986 when he was arrested and reportedly claimed a CIA connection. At the request of the FBI, CIA checked its records at that time and found no information in its possession regarding Blandon.

Blandon says that he has never had any relationship with CIA, was never approached by the Contras to raise money by drug trafficking and did not provide millions of dollars to the Contras as has been alleged in the media. He recalls giving several thousand dollars to support the operating expenses of Contra sympathizers in California in the 1980s, and he recalls providing several thousand dollars, the use of two automobiles and accommodations in Costa Rica to Contra leader Eden Pastora on a personal basis.

Blandon says he met Norwin Meneses in 1981, and Meneses supplied him with cocaine to sell from then until 1983 when they had a dispute. Blandon says he met Ross in 1984, began selling him cocaine in 1985 and stopped in 1986. Blandon says he provided Ross as much as 50 kilograms at a time, but denies Ross' claim that he provided as much as 100 kilograms weekly.

**Norwin Meneses.** There has never been any CIA relationship with Norwin Meneses. CIA records indicate that Meneses' name appeared on occasion in CIA intelligence reports regarding drug trafficking and that information was shared with U.S. law enforcement agencies. Meneses denies any contact or relationship with CIA.

Meneses says he was associated with the Contras, but denies he ever raised any money for Contra organizations through drug trafficking. He also says that he is not aware of any Contra involvement in drug trafficking. Meneses says that his only contribution to the Contras was an estimated \$3,000 that he gave to a group of Contra sympathizers in California to support their administrative expenses between 1982 and 1984.

**Ronald Lister.** There has never been any CIA relationship with Ronald Lister despite any claims he may have made to the contrary. Lister says he has never been a CIA employee and was never asked by CIA to assist Blandon or the Contras in any way. Lister also says that he and Blandon engaged in their drug trafficking activities for personal profit and did not do so on behalf of CIA or the Contras.

## Findings: The Frogman Case

In 1983, more than 50 individuals, including many Nicaraguans, were arrested in the San Francisco area for cocaine trafficking in what was known as "The Frogman Case." None of those who were arrested or charged had relationships with CIA, though a relative of one of them had a relationship with CIA until mid-1982. None claimed a Contra or a CIA connection at the time. Later, two of those arrested--Julio Zavala and Carlos Cabezas--claimed links to the Contras. Cabezas also later alleged that he engaged in cocaine trafficking to support the Contras.

**Julio Zavala.** In 1984, CIA became aware of The Frogman Case and Zavala when it was learned that representatives of the U.S. Attorney's Office in San Francisco were planning to travel to Costa Rica for the depositions of two Nicaraguans. The depositions had been requested by Zavala's lawyers.

The Nicaraguans who were to be deposed were members of Contra organizations and had provided letters attesting to the truthfulness of Zavala's claim that the approximately \$36,000 that was seized when he was arrested belonged to the Contras. It appears that the letters were obtained through Zavala's wife's connections with family friends and not because he was active in any Contra group. In fact, the principal author of the letters was reportedly expelled from a Contra group when its leadership learned that he had

done so and he could not explain the basis for his actions.

Based upon the information available to them at the time, CIA personnel reached the erroneous conclusion that one of the two individuals who was to be deposed was a former CIA asset. Subsequently, an attorney from the Agency's Office of General Counsel (OGC) met with the responsible U.S. Attorney (AUSA). CIA believed that the proposed depositions in Costa Rica might lead to a Contra support group in which it had an operational interest.

The AUSA already had discussed with Zavala's lawyer the possibility of returning the seized money rather than traveling to Costa Rica for the depositions, the purpose of which was ostensibly to establish who owned the money. The money, which may, in fact, have been profit from drug trafficking, was ultimately returned to Zavala.

A CIA cable, written by the OGC attorney who met with the AUSA, indicated that the \$36,000 seized from Zavala was returned to Zavala at CIA's request. The AUSA, the former U.S. Attorney and others involved in the prosecution state, however, that the decision to return the money to Zavala was based on their own judgment as to whether the expense and effort of traveling to Costa Rica was necessary to prove their case and not on CIA's representations. Zavala was subsequently convicted and sentenced to prison.

**Carlos Cabezas.** Cabezas was arrested, convicted and sentenced in connection with The Frogman Case. Cabezas says that he began bringing cocaine into the United States in 1981 with Zavala, Troilo Sanchez and Horacio Pereira. According to Cabezas, Zavala had his own drug network, but also was part of a second network that sold cocaine for the Contras. Cabezas also claims he witnessed Pereira deliver money to a Contra member. However, Cabezas' drug associates in The Frogman Case, the FBI Special Agents who investigated The Frogman Case and U.S. Attorney's Office personnel who were responsible for the prosecution dispute these claims. They recall no evidence being developed during the extensive investigations of any connection between Cabezas and the Contras. Nor has any information been found to support Cabezas' subsequent claims that he had connections to the Contras or that he engaged in drug trafficking on behalf of the Contras.

**Norwin Meneses.** No information has been found to connect Meneses with The Frogman Case. Meneses says he was never part of the Zavala organization. Zavala and Cabezas confirm this assertion.

## Conclusions

**Did CIA have any relationship or dealings with Ross, Blandon or Meneses?** No information has been found to indicate that any past or present employee of CIA, or anyone acting on behalf of CIA, had any direct or indirect dealing with Ricky Ross, Oscar Danilo Blandon or Juan Norwin Meneses. Additionally, no information has been found to indicate that CIA had any relationship or contact with Ronald J. Lister or David Scott Weekly, the person Lister allegedly claimed was his CIA contact. No information has been found to indicate that any of these individuals was ever employed by CIA, or met by CIA employees or anyone acting on CIA's behalf.

**Was the drug trafficking of Ross, Blandon or Meneses linked to CIA or Contra activities?** No information has been found to indicate that Ross provided any money to any Contra group at any time, or that he had any contact or connection to the Contras or CIA.

No information has been found to indicate that the drug trafficking activities of Blandon and Meneses were motivated by any commitment to support the Contra cause or Contra activities undertaken by CIA.

Blandon and Meneses claim that they each donated between \$3,000 and \$40,000 to Contra sympathizers in Los Angeles. No information has been found to substantiate these claims. Moreover, no information has been found to indicate that Meneses or Blandon received any CIA or Contra support for their drug trafficking activities.

Blandon did have a personal relationship with Eden Pastora and provided him with financial assistance in the form of rent-free housing and two vehicles. Much of this assistance was provided to Pastora after he

left the Contra movement.

**Did CIA intervene or otherwise play a role in any investigative and judicial processes involving the drug trafficking activities of Ross, Blandon or Meneses?** No information has been found to indicate that CIA hindered, or otherwise intervened in, the investigation, arrest, prosecution, or conviction of Ross, Blandon or Meneses. CIA shared what information it had--specifically on Meneses' 1979 drug trafficking in Nicaragua--with U.S. law enforcement entities when it was received and again when subsequently requested by the FBI.

**Did any of the individuals who were arrested in "The Frogman Case" have any relationship with CIA? Were the drug trafficking activities of any of those individuals linked to the Contras?** No information has been found to indicate that CIA or individuals acting on behalf of CIA had any relationship with Julio Zavala, Carlos Cabezas or others who were arrested or charged in connection with the 1983 Frogman Case, though a relative of one of them had a relationship with CIA until mid-1982.

No information has been found to indicate that Julio Zavala, Carlos Cabezas or other Frogman Case defendants were connected to the Contras or that the Contras benefited from their drug trafficking activities. No information has been found to support Cabezas' claim that he provided financial assistance to the Contras from his drug trafficking activities. While two individuals who were active in the Contra movement wrote letters supporting Zavala's claim that seized money belonged to the Contras, it appears this was done through Zavala's wife's connections to old family friends and not because Zavala was active in the Contra movement.

**Was CIA involved in the investigation of The Frogman Case?** No information has been found to indicate that CIA or anyone acting on behalf of CIA was involved in the criminal investigation of Julio Zavala and his associates, though a relative of one of those arrested or charged did have a relationship with CIA until mid-1982.

**To what extent and why did CIA become involved in the prosecution of The Frogman Case?** CIA did make contact with prosecutors in the Zavala prosecution in order to protect what CIA believed was an operational equity, i.e., a Contra support group in which it had an operational interest. A CIA cable indicates that approximately \$36,000 seized from Zavala at the time of his arrest was returned to Zavala--based on the claim they were Contra funds--by the prosecutors at CIA's request. However, the prosecutors state that the decision to return Zavala's money was based on other considerations, not CIA's representations, and that there was no evidentiary value to retaining the money. In any event, the actions taken by CIA to have the cash returned did not appear to be intended to influence the outcome of Zavala's trial, which resulted in his conviction.

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