

if

as

it

did

to

instead

campaigns had received donations from South Korean interests.

Imagine

foreign

interference, the U. S. government had made the foolish decision to permit South Korean financing of U. S. elections.

Then imagine that

the South Koreans sent a public threat to the State Department that its funds - destined for blatant interference in U. S. elections - had better not be blocked or there would be retribution!

reacting

such

of

With the benefit of hindsight, these U.S. manipulations are easy to identify.

Such overt U.S. intervention, at the time, was novel and its mechanisms unknown.

Some Nicaraguan officials ingenuously' believed. that. could. be

established that proscribed covert intervention in the elections.

"Our position should be to tell Carter that assurances that CIA covert operations are not enough, "

recommended a Foreign Ministry

official, "that we would like assurances that all U. S. government agencies will refrain from covert activities and that all U. S. financing will be open. " Q

game, rules with. the 'U. S.

In addition, Nicaragua had little room with which to maneuver. Employing superior resources on the heels of a decade of the war of attrition, the United States put Nicaraguan authorities on the defensive with the threat of delegitimizing the elections and reproducing the 1984 abstentionist experience.

Any attempt by

Managua to limit U. S. intervention was translated by Washington's propaganda machinery as "signs that the Sandinistas did not intend to hold free elections. "

In the Sandinistas' cost-versus-benefit

analysis, the price Washington could impose if Managua decided to prohibit overt intervention was potentially too high.

Washington

in this way exercised a certain veto over Nicaraguan government efforts to distinguish between neutral foreign assistance for electoral processes and partisan political interference B.

CIA "Infrastructural Program"

and "Regional Programming"

Meanwhile, the United States simply ignored the assurances it had given Nicaraguan authorities on not carrying out covert CIA operations.

No sooner had the Nicaraguan electoral process opened in April 1989 than the CIA undertook its first of at least two

covert operations programs intended to influence its outcome.

The first program involved \$5 million, and was carried out from April to September.

The monies went to defray what one intelligence official described as UNO "housekeeping" expenses - which means slush funds for salaries and pay-offs to opposition leaders.

How did the administration spend this money "legally"?

The operation was titled "infrastructural program," and it went, said one intelligence official, for "political infrastructure" and not for "campaigning."

Maybe because it was "legal," this covert activity caused little commotion in Washington. Yet the

place in exchange for acquiescence to the overt NED funding.

"I have absolute assurances from U.S. officials at the highest level, both in the Executive and Legislative branches," Carter told Ortega, "that there will be no covert funding from our government for opposition political parties or other purposes that would subvert the integrity of the Nicaraguan elections. " 9

However,

unclear.

Whether Carter was deceived by Bush officials, or deliberately manipulated, or for that matter whether he himself deceived the Nicaraguans, given to Nicaraguan authorities were meaningless, and it was not an issue of options for Nicaragua.

As we shall see below, the CIA carried out extensive operations throughout the electoral campaign. The United States never had any intention of renouncing CIA covert activities "in exchange and Nicaraguan acquiescence to, overt NED intervention.

The U.S. was waging war against Nicaragua.

It operated with the logic of war, which dictated that all effective weapons were brought to bear on the enemy.

congressional

assurances

approval

for"

is

the

of,

its

process,

subsequent

or attempts to place controls upon it,

Second, it placed Managua at a tremendous disadvantage in the battle for public opinion.

Since the Nicaraguan government had given its permission for foreign interference in the national this electoral intervention, lacked

coherence and consistency; 4Adversaries of 'U.S. intervention around the world were at a loss when they tried to denounce the U.S. electoral interference, since Washington needed only retort that it had been sanctioned by the Nicaraguan authorities themselves, that they were interfering legally.

Nicaragua lost the authority to condemn the U.S. for transgressing its sovereignty.

This moral authority had been crucial earlier in mobilizing international public opinion against the contra war.

This set a dangerous

precedent for an open interference of a superpower in a small country's internal political process.

denunciations

of

By having boxed Nicaraguan authorities into a corner in which electoral intervention became legitimized, U.S. officials could freely apply pressures on Nicaragua which in any other country would have been considered preposterous.

So much so that in

January 1990,

NED officials publicly threatened to mount an international campaign to discredit the elections if the Nicaraguan Central Bank continued "to delay" NED payments to the opposition m.

Even more, NED officials asked Jimmy Carter to intercede with Nicaraguan authorities to expedite these payments. Carter obliged.

"It is very important that a political decision be made at the top level of your government that funds approved by Congress in the Nicaragua election will be distributed without delay." Carter told Nicaraguan Vice President Sergio Ramirez in January 1990.

"As you

know, I obtained a commitment from highest authorities that there would be no covert

funding through CIA or other government channels.

I relayed the commitment from you and

President Ortega that overt funding would not be impeded. " â\200\234

In return,

The late 1970s

"Koreagate" scandal in the U. S. was sparked when it was discovered that several U.S. congressional electoral

67.

Letter from William Geimer to Carl Gershman, December 4, 1990.

68. "A Future For Nicaragua", two page document dated 28 November 1989 and prepared by International Media Associates, provided to the author by sources close to The Carmen Group.

69.

Alvarado, and David Carmen, January 1990.

Author's phone interviews with J.R.

Black, Jose Antonio

70. Letter on The Carmen Group stationery, from David Carmen to In a subsequent phone

Antonio Lacayo, dated 22 December 1989.

interview with the

these

differences with Palazio and his role, but said that they were all working together.

admitted to

authors,

David

Carmen

71. Letter on The Carmen Group stationery from Cynthia Lebrun to Jose Antonio Lacayo, dated 22 December 1989.

72.

journalists by the Republican National Committee.

The letter was dated January 9, 1990, and made available to

73.

Carmen on January 9, 1990, on DNC letterhead.

See DNC Legal Council Christine A. Varney letter to David

74.

Author's phone interview with David Carmen. Carmen said that DNC official Barbara Drake had authorized Brown's signature, but that after the letter went out, another DNC official, Lyn Cutler, decided to withdraw Democratic support and convinced Brown to cancel his endorsement.

75. This document, titled "Budgetary Needs for the Committee for Free Elections and Democracy in Nicaragua" and dated September 15, 1989, was provided by sources close to NED. Although the Carmen Group actually circulated the document,

it was not clear who

actually authored it. In a phone interview, David Carmen refused to discuss the document. A cursory reading of the document, however, makes clear that it was prepared by professionals in intelligence and POLWAR-PSYOPS.

76. Ibid.

77. On January 9,

1990, the Nicaraguan daily El Nuevo Diario

published one of the payroll spread-sheets given to it by a member

of UNO. The publication caused a small scandal in Managua. The

newspaper interviewed several UNO leaders, none of whom denied its

authenticity, but rather defended this expenditure as necessary and acceptable.



a "mole"  
campaign papers.

into Carter's campaign staff who stole confidential

49.  
been engaged in illegal stockmarket dealings.

He was forced to resign after the press revealed that he had

50.  
In 1986, Hallet had been named Ambassador to the Bahamas, a  
post traditionally related to U.S. intelligence activities in the  
Caribbean  
transactions,  
including the kind of money laundering through the Bahamas that was  
revealed during the Iran/contra investigations.

clandestine

financial

andâ\200\231 to

Basin

Sofia,

51. Shortly after William Casey's death, Hugel worked with Casey's  
wife,  
in organizing a fund raising dinner in which 50  
percent of the monies went to cancer research, and the other 50  
percent, to the "Freedom Fighters Fund" set up by Casey's widow to  
continue "private" support to contra groups around the world. David  
Carmen was a senior staff adviser to the Reagan presidential  
campaign. Gerald Carmen was one of the Reagan administration's top  
100  
Permanent  
Representative to the United Nations in Geneva and Chief Executive  
Officer of the Federal Asset Disposition Association.  
For a  
see "The Carmen Group," in Covert Action Information  
summary,  
Bulletin, No. 34, Summer 1990, pg. 32.

officials,

serving

Reagan

under

as

U.S.

Among the Carmen group clients were the National Right to  
52.

On the day of the Grenada invasion the Reagan  
Work Committee.  
administration contracted Carmen Group for pro-invasion public  
diplomacy in U.S.  
Interestingly, Gerald Carmen led the Reagan  
transition team in 1981 at the Department of Housing and Urban  
Development (HUD), just before the multi-billion-dollar scandal got  
underway in the Department. David was an official at the Republican  
National Committee.  
See Carmen Group promotional brochures for  
these details.

53.

The 5 page document, titled "Budgetary Needs for the Committee for Free Elections and Democracy in Nicaragua" and dated September 15, 1989, was obtained from sources in Miami connected to UNO. Although the Carmen Group circulated the document, it is not clear who actually drafted it.

54.

For these details, see Miami Committee one page "Fact Sheet". The Committee's letterheads displayed a logotype of UNO on the left hand corner and Alvarado's name and address on the right hand.

55.

Letter on Carmen Group stationary, dated October 2, 1989. In different interviews with the author in October, November and December 1989, Both NED and Carmen Group officials denied the meeting had taken place, and that any coordination was going on between the two. In subsequent interviews in January 1989, after the Carmen Group's role became public, NED officials acceded that



launched an appeal for funding which Alvarado described as a "fund-raising marathon" that raised \$20,000.<sup>12</sup>

In late January, the Bush administration took the highly unusual decision to publicly request that the Democratic and the Republican Parties make direct, cash donations to the UNO electoral In campaign.  
a letter signed personally by George Bush and addressed to Chairmen of the Lee Atwater and Ronald Brown, Republican and the Democratic National Committees, respectively, the White House stated:

weeks.

of the campaign

In the crucial last.

UNO is funds needed for campaign rallies, desperately short of distributing campaign literature, While Congress has made money available for UNO through the NED, that money is limited. by NED's charter to institution-building expenses and cannot be used to defray campaign costs... I am asking your help to give UNO a chance...A joint contribution by both Parties to the UNO campaign would make an immediate as would individual contributions by your Party's members 5.

and media time.

difference

critical

moment,

this

at

Lee

party

Atwater

chairman

Republican

participated

in fundraising events for UNO. The Democratic Party chair, Ron Brown, declined formal endorsement. "Democrats do not believe that it is appropriate, proper or wise for our political parties to attempt to influence the outcome of elections in a foreign country," wrote Brown in a letter of response to Bush's request <sup>84</sup>.  
Brown's response clearly had more to do with tactical differences with the Republicans, Nicaraguan elections, considering that his party had only months earlier

approved the \$9 million NED package, \$5 million of which went directly to strengthen the opposition. Individual Democrats lent wholehearted support to the fund-raising efforts.

neutrality

visâ\200\224a-Vis

with

than

the

Other Congressmen

if

the

a

Nicaragua were their home district.

Republican from New York, raised some \$45,000 in cash for Chamorro.

Rep. Cass Ballengery a Republican from North Carolina, donated some \$10,000 worth of plastic bags, cups and banners to UNO as campaign "souvenirs" 5.

fundraising

Rep.

Amorty Houghton,

took up

drive

as

Secret Shipments

involved was

Another activity in which the Carmen Group and the Miami

Committee became

electoral

resources to the opposition in Nicaragua. In early October 1989, Carmen official Carol Boyd Hallett met with NED's Barbara Haig to discuss this. Afterwards, she wrote to Haig, thanking NED for resolving Carmen Group's "shipping dilemma"; i.e., the problem of how'to clandestinely send supplies to UNO so as to avoid Nicaraguan taxes and keep this funding secret. "Through your insight, it seems we have solved our problem," stated the letter, addressed also to

shipments

secret

of

20

Octavio was later implicated in drug trafficking out of Costa Rica to generate funds for use in the contra war. He was publicly questioned and chaired the subcommission that investigated the contra-drugs connection. For one inside account by an associate of Cesar, see Arturo Cruz, Jr., *Memoirs of a Counterrevolutionary* (New York: Doubleday, 1989) , pgs. 203-207.

Senator John

Kerry,

this

who

on

by

{Arturo Cruz, Jr., *Memoirs of a Counterrevolutionary* (New York: Cruz, Jr. had been recruited by the CIA

26.  
Doubleday), 1990, pg. 203.  
in the early 1980s to work with the contras.

27.

Ibid.

Martinez was expelled from Nicaragua in early January 1990,  
28.  
along with  
after U.S soldiers  
illegally entered and ransacked the residence of the Nicaraguan  
Ambassador in Panama City, in the days following the U.S. invasion  
of Panama.

20 other 'U.S.

diplomats,

some:

29. Arturo Cruz, Jr., *Memoirs of a Counterrevolutionary* (New York: Doubleday), 1990, pg. 192, 247.  
Cruz, Jr. had been recruited by  
the CIA in the early 1980s to work with the contras.

30.

See New York Times and Washington Post, June 11, 1988.

31.

This was told to the author by one top level opposition leader, who said that he decided not to accept the payment, and then later withdrew from UNO.

32.

As told to the authors by a source close to U.S. intelligence.

33.

For details, see Ana Maria Ezcurra, *Agresion Ideologica Contra la Revolucion Sandinista* (Mexico, D.F.: Ediciones Nueva, 1984), pgs. 89-92, and Covert Action Information Bulletin (Washington, D.C.), No.

See also, Irene Selser, Cardenal  
Obando (Mexico, D.F.: Centro de Estudios Ecumenicos, 1989).

1981, pg.

18,

6.

34.  
Sociology of Religion," (Langley, Virigina,  
for Low Intensity Conflict, June 1989).

Antonio Ybarra-Rojas, "Liberation Theology and the Marxist  
Army-Air Force Center

35.  
State stationery,  
sources.

Letter dated March 20, 1989 on United States Department of  
provided to the author by Honduran Embassy

36.

This was reported by La Prensa in its July 6, 1989 edition.

37.

The pamphlet was reproduced in Barricada on 12 July 1989.

27

preach war and destroy the family.â\200\234

Chamorro announced that she had opened an account at the Miami office of Merrill Lynch and Company for the Miami Committee, and said the group would help UNO with public relations in the U.S. and also raise funds among the exiles.

Chamorro knew absolutely nothing about the Committee until she was handed the press release in Miami. This press

a Washington public relations firm, The Carmen Group. This strategy of presenting UNO as the promoters of the Miami Committee allowed the U.S. role to remain undisclosed.

actually prepared by

In fact,

release was

and Max Hugel 47,

This firm was founded in 1982 by David Carmen, his father Gerald Carmen,

and brought together several former intelligence officials and conservative figures who became prominent during the Reagan administration.

Hugel, one of Ronald Reagan's top campaign managers â\200\234i-\202 served briefly as Director of Operations of the CIA after Reagan's victoryâ\200\230â\200\235.

Both the Carmens were senior Reagan associates, and Gerald Carmen was also a Senior Advisor to the Bush transition team in 1988.

Another top Carmen a former Ambassador to the Group official was Carol Boyd Hallett, Bahamas m.

In November 1989, Bush appointed her Commissioner of the U.S. Customs Service.

The Carmen Group was a prime promoter of the contra war m. The Carmens and Hugel were founding members of the group Citizens for America, set up at a White House ceremony in 1983.

Citizens for America functioned as a quasi-governmental organization which played a key role in mobilizing congressional and public support for military aid to the contras, and in promoting Reagan's foreign policy agenda in general 52.

After the Iran-contra scandal, Citizens for America became inoperative, and most of its staff moved to The Carmen Group. Operating out of their public relations firm, the Carmens and their staff made an easy transition from the contra to the electoral intervention project.

The Carmen Group took on the responsibility for supervising the work of the Committee for Free Elections and Democracy in Nicaragua, and for assuring that the Committee's functions would be synchronized with the overall electoral intervention project.

The Carmen Group would direct the Miami Committee UNO public relations and the fundraising in the U.S.

But this activity would be presented as the work of the Nicaraguan exiles. A working document which the Carmen Group circulated internally in September 1989 explains that "a sizable co-ordinating office, the Committee for Free Elections and Democracy will have to be developed and funded in Miami and funded for 5 months (sic)...A small support staff that will deal on a day-toâ\200\224day basis will be needed to co-ordinate press outreach and response, distribution of aid, donors relations and supervise budgetary implementation. This

office will have a full time staff of 4, plus a director and  
outside professional services. Expected costs (will be) \$275,000"

in Nicaragua,

members of Congress that had taken a keen

The Carmen Group also coordinated its work with several  
in the

interest

12

Geimer explains that "Black proposes to produce a Videotape (which will) speak about the evils of communism, and to disseminate the tapes in Nicaragua prior to the February election...we will of course provide him with access to Jamestown clients" 67. After evaluating the project, however, NED decided to send Black over to The Carmen Group for sponsorship.

In addition to financing the video, the Carmen's also assigned Black to assist the Miami Committee in preparing press communiques. Black worked together with the Nicaraguan radio journalist Alan Tefel, an UNO militant who ran a news program at the NED-funded station

"any significant operation in Nicaragua needs a strategic bridge to American and European public opinion" 230. The Black-Tefel-Carmen-Miami Committee circle also helped disseminate the CIA's blowback operation in the West German newspaper Frankfurter Allgemeine Zeitung

Corporacion.

explained:

69.

Radio

One

document

Money Laundering or Money Pocketing?

Not all went smoothly with the semi-clandestine U.S.

"private" fundraising for UNO in the United States. Rivalries between the different factions within the Nicaraguan opposition and lingering fears from the still-smoldering Iran-contra scandal hampered the effort.

In Managua, Chamorro's campaign advisors Alfredo Cesar and Antonio Lacayo had proposed to Ernesto Palazio, UNO's official representative in Washington, that he participate in the fund-raising efforts. They asked Palazio to take advantage of the broad contacts he had developed among wealthy conservative Americans during his tenure as contra spokesperson, and of his close ties to the State Department, to coordinate efforts with the Carmen Group and the Miami Committee.

The Carmen Group resented the prominence given to Palazio, who - they complained - had been accused earlier of embezzling funds raised privately for the Washington contra office.

In late December 1989, David Carmen wrote to UNO campaign chief Antonio Lacayo in Managua:

In our fundraising efforts on behalf of Mrs. Violeta Chamorro and the UNO, we have encountered a very disturbing and disruptive situation which we feel we must bring to your attention.

On several occasions, we have called potential donors and introduced ourselves as the official fundraiser committee for the UNO and Mrs. Chamorro. These people have then claimed that when they were in Managua and asked you how they could be helpful to the party and Mrs. Chamorro, you have referred them to Mr. Ernesto Palacios (sic) in Washington.

I know that we have discussed this problem in the past, but this referral has caused a direct loss of contributors among those people who vividly remember the Iran-Contra problem and have no desire to give to a cause represented by





the October meeting had taken place, but said it was just a discussion and that NED was not involved in The Carmen Group project. This assertion contradicted David Carmen, however, who admitted the two groups were working together.

Secret

Military

Contras

56.  
(Washington, D.C.: The National Security Archive, 1987), p. 226.  
Also, on the National Endowment for the Preservation of Liberty, see Robert Parry and Peter Kornbluh, "Iranâ\200\224Contra's Untold Story," Foreign Policy, No. 72, Fall 1988, for Fred Sacher and the NEPL.

Assistance

Iran

to

and

the

See Carmen.Group's Chamorro-tour documents, including the tour

57.  
budget.

58.

Ibid, tour documents.

Carmen's Tour documents. ibid.

59.  
The senior Carmen staff, in addition to helping get Violeta Chamorro elected, made a killing on the deal. George Wortly was paid \$12,000 for several weeks of lobbying at the State Department and in Congress.

Carol Boyd

Hallett, in her few weeks of work before being appointed by the Bush administration, got \$12,500 for Washington fundraising.

60. Letter from David Carmen to Fred Sacher on The Carmen Group stationary, dated February 16, 1990.

For these details,

61.  
see The Carmen Group documentation, including budget reports and an internal memorandum from David to Gerald Carmen, dated 18 January 1990.  
Another millionaire, Harry Lucas, gave \$10,000 for the UNO press project, according to 1/18/90 Carmen group fax to Miami committee.

62.  
author.

One of the invitees provided a copy of the invitation to the

Letter from David Carmen to Jeanne Kirkpatrick, dated 30

63.  
January 1990.

64.  
Afterâ\200\230Whittlesey left the OPL, she was appointed Ambassador to

Switzerland.â\200\224 the very same year the secret accounts were set up in that country to funnel money to the contras and other of North's "Enterprise" ventures.

65. Carmen group budget documents, op Cit.

See:

66.

The SDV Who Got Away (New York: Random House,1988), pg. 237; Foreign Intelligence Literarv Scene, January 1986, pg. 3.

Wise,

D.,

30

covertly

influencing

Much of Congress, the media and the U.S. public swallowed the bait.

Liberal Members of Congress condemned "CIA intervention," and then went ahead and approved the \$9 million for the NED in exchange for a loosely-worded agreement that the CIA would refrain from Nicaragua.

Similarly, a coalition of major human rights groups which lobbied fiercely against secret CIA electoral action tacitly endorsed overt intervention 4.

Lost in the covertâ\200\224versus--overt debate was any question as to whether, covert operations aside, the NED' s "overt" intervention was any more acceptable ethically, or any more legal vis- â\200\224vis international law and the principle of nonâ\200\224intervention in another nation' 5 internal affairs.

White House perception

management was able to obscure the unitary intentions of U.S. policy in both forms of intervention, and to misframe the issues as one of "overt aid" as an alternative to "covert aid."

elections

inside

the

Moreover,

the loosely-worded language of 'the legislation enacted by Congress merely stated that the CIA could not carry out covert activities aimed at influencing the voting inside Nicaragua. It did not prohibit CIA activities mounted from outside of Nicaragua's borders to influence the voting.

Nor did it prohibit

General CIA activities inside Nicaragua' 5 borders.

The political

haranguing over legislative language clearly involved subterfuge, since Congress and the administration allowed the CIA to continue covert operations against Nicaragua "legally" 5.

Many lawmakers

were opposed to admitted CIA involvement simply because they believed that the covert route would do more damage than good to the opposition in Nicaragua 6.

Nicaragua also fell into a trap set by the U. 8 government, perhaps the most serious of the "damned if you do, damned if you don't" situations imposed on it by U. S. intervention.

It took the

decision to make this intervention legally permissible, even though such interference is patently prohibited and criminally punishable in the United States and in most other countries in the world.

Yet at the

same time the Sandinista government â\200\230vociferously denounced "overt" NED actions as evidence that the U. S.

was

interfering in the electoral process (which it was) and that the opposition had been bought by Washington (which it had been).

only

after

so

from

the

in  
the  
receiving  
assurances  
intervention

There are two aspects of this issue.

First, Managua :made its  
decision  
Bush  
administration and from Congress that if Nicaraguan authorities  
permitted overt intervention then the U. S. would refrain from  
covert  
million  
authorization, stated. Managua' s U. S. legal advisor, Paul Reichler,  
"gives the United States an opportunity to aid the opposition  
openly,  
7.

Nicaragua' s acquiescence to the \$9 million was secured in quiet  
negotiations between Managua and Washington, with former President  
Jimmy Carter, who headed an international observer team, as a go  
between.

In a mid--September 1989 visit to Managua, Carter,  
who himself came out publicly against CIA activities but endorsed  
"overt" aid to the opposition  
, transmitted Bush administration  
assurances to Daniel Ortega that no covert financing would take

it does not have to resort to covert means"

elections.

The

\$9

2

slush funds had a major impact on achieving opposition unity around the formation of UNO and the selection of candidates.

the

inside

actions

undermine

CIA

would

Nicaragua's  
integrity

In early October, Congress had approved the legislation that

"Covert

restricted

activities

upcoming

elections," beamed Joe Moakely, a Democrat from Massachusetts who,

as Chairman of the Rules Committee had been instrumental in

drafting the restrictions.

Moakley said he was pleased with the

assurances he had received from the administration that no such

activities would be undertaken

Just days later, President

Bush signed a finding authorizing the expenditure of \$6 million for

These funds were spent between October

the second CIA program.

1989 and the February voting.

So as to make it legal, it was

titled "regional programming" and. contemplated. numerous anti-200\224

Sandinista covert actions outside of Nicaragua W.

borders.

of

the

16.

Among the aspects of the "regional programming" were:

\*

- A secret political training program in Costa Rica for UNO leaders. Latin Americans organized into CAD did most of the actual training;

\* - Payments to journalists and news outlets in Europe known for their anti-Sandinista sentiments, to travel to Nicaragua and write on the elections, or to publish articles from Europe that would reinforce the U.S. positions.

\* - Financing special programs on Radio Impacto, the contra radio that the CIA had set up years earlier in Costa Rica for the purpose of transmitting anti-Sandinista programming into Nicaragua.

In

accordance with the language-game, Radio Impacto was prohibited from using these funds to directly interview UNO candidates.

\* - Support programs for the contras in Honduras and Costa Rica, including programs to train contras to carry out armed electoral propaganda inside Nicaragua (see next Chapter).

of multi-million dollar bank accounts

Among the fruits of the CIA's European media operation was an article that the West German daily Frankfurter Allgemeine published in early January 1990 on alleged corruption in the FSLN and the supposed existence in

Switzerland, handled by Sandinista commanders.

The article was

written by the bureau chief of the newspaper's Bonn office, and cited "foreign intelligence" as the source of the information.

In

CIA language, these types of psychological operations are called "blowbacks."

"black

information," or simple lies, to little known or to third-country

In this way, the information itself first comes out

news outlets.

distanced from Washington.or from the country being targetedâ\200\234

Once

published, the U.S. press, or the press in the target country -

often quite unknowingly - reproduce the "news," giving it an aura

of credibility and influencing, as intended, the target audiences.

purpose

leak

CIA

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In the case of the Frankfurter Allgemeine article, Violeta Chamorro's La Prensa reported the "news from Bonn" on page one the day after it appeared in Germany, and then the following day translated and reproduced the article in its entirety.

Then, for

several days straight,

issue,

La IPrensa, editorialized. on 'the

so taken by your extraordinary commitment, I bent over backwards to make sure you were not ripped off" â\200\234K

In mid-January, David Carmen and several of his staff met with Violeta Chamorro and Antonio Lacayo in Houston, during the UNO candidate's hospitalization in that city for knee treatment. Time was short, said Lacayo, telling Carmen that another half a million dollars in cash would be needed for the final phase of the campaign. Among the projects they discussed for this final phase was "an aggressive public relations campaign" run out of UNO headquarters in Managua. The purpose of the campaign, drawn up by Carmen, was to target the foreign correspondents in Managua. The Carmen Group and the Miami Committee had earlier assisted in running a "press center" attached to UNO headquarters which was upgraded for â\200\230this final jpublic  
Despite this annoyance with Carmen Group budgeting, Sacher donated another \$53,000 for this project, funds which were forwarded on to UNO in Managua â\200\234.

:relations effort.

of

and

Evie

Seymour

Holtzman,

the home

And although Violeta Chamorro could not be present, the Carmen Group organized a dinner in New York City on February 7 for 20 wealthy Republican couples, at \$5,000 per couple. The dinner, held at

featured Jeanne Kirkpatrick as the guest of honor. The invitations sent by David Carmen explained that "these elections can be the turning point in restoring that part of Central America to Democracy and, in my opinion, will set in motion the cure for Cuba and finally end the threat that we face down there....please join us for an interesting evening with Jeanne" Q.

The "press is not invited, nor welcome", assured David Carmen to Kirkpatrick and the other guests EX Among the invitees were former Reagan Chief of Staff Donald T. Regan, and Faith Whittlesey, former Co-Director of the White House Liaison Office, set up to run the Reagan administration's "public diplomacy" projects for Central American policy â\200\2343

Other guests were: Sofia Casey, the widow of former CIA Director William Casey; Holly Coors of the Coors Family, which had earlier donated millions of â\200\230

â\200\230whose, curriculum included positions with "Prodemca", "Nicaraguan Freedom Fund", and other right-wing groups that had, provided assistance to â\200\230the contras.

dollars. to â\200\230the. contras;

and. Bill Simon,

the

During

Institute.

elections  
the

In her presentation,

Nine days after the dinner,

Kirkpatrick appeared as the  
keynote speaker at a Capitol Hill conference titled "Elections in  
Nicaragua: Democracy or Deception" and convened by the ultra-right  
Kirkpatrick  
American Defense  
described  
the  
communists".  
minute UNO public  
relations video was shown, which painted Chamorno as the "Cory  
Aquino of Nicaragua" fighting "communism and totalitarianism". The  
video was produced by J.R. Black, for which he was paid \$12,000 by  
The Carmen Group 65. Black, who ran a shadowy operation called  
"International Media .Associates",  
had. been introduced to ZNED  
President Carl Gershman by William Geimer, the President of the  
Jamestown Foundation. Geimer and.his foundation have been linked to  
U.S. covert activities â\200\2345 In an introductory letter to Gershman,

orchestrated  
8

"farce  
an

conference,

as

a

by

14



Nicaraguan campaign.

Among them Senator Bob Graham, who had put his staff to the task of shipping materials to UNO in Nicaragua, and Dante Fascell, a Florida congressman and one of the fathers of 'These people organized an "honorary steering committee of the NED.

prominent Americans" for the Miami Committee.

Among those on the

steering committee were: about two dozen members of Congress; the wife of the late CIA Director, Sofia Casey; President Bush's son Jeb; and Florida Governor Bob Martinez.

The Carmens registered the

Miami Committee with the U.S. Department of Justice as the "only organization

campaign

contributions in the United States" â\200\234.

sanctioned

receive

UNO

the

by

to

In October 1989,

Carmen officials met with NED's Deputy

Director of Programs, Barbara Haig, to discuss coordination of the Nicaragua

the

opportunities that lie ahead," stated David Carmen in a follow-up letter to Haig. "I am positive that together we'll bring about real change for democracy in Nicaragua" 5.

project

excited

about

with

NED.

are

"We

The Carmen Group's fundraising among wealthy conservatives differed little from the "private" fundraising efforts led by Oliver North and company in theâ\200\230mid-1980s

The main difference was

that the funds were not for the "freedom fighters" but for the "democratic opposition."

The same names, faces and the "private"

network of right-wing activists who came to power during the Reagan years and put into motion the Nicaraguan counterrevolution, cropped up again and again during the electoral intervention project.

The

Iranâ\200\224Contra crowd has not disappeared.

It made the passage, in

consonance with the Reagan to Bush transition, from the military to the

the

Sandinistas.

political

campaign

internal

terrain

against

the

in

One of Carmen Group's projects involved organizing a U.S. tour for Violeta Chamorro, for which Republican millionaire Fred Sacher In 1985, Sacher had made a \$305,000 donated \$145,000 dollars.

donation to the

for the Preservation of

Liberty", one of Oliver North's front groups, set up by Contragate accomplice Carl "Spitz" Channel.

Sacher's donation was deposited

in one of the secret Swiss bank accounts used to purchase black market arms for the contras 56.

Now, Sacher's donation to The

Carmen Group was to finance the Chamorro U.S. tour, which David Carmen baptized the "Sacher Project" W}

"National Endowment

Coast,

followed by nightly

The one-week tour was scheduled for mid-January, and involved daytime meetings with all the major print and television media on the East

dollars-per-plate

fundraising dinners in Boston, New York, Washington and Miami â\200\235u

The tour was cancelled at the last minute, after the UNO candidate broke her knee. Nevertheless, The Carmen Group's post-tour budget report indicates that despite the cancellation, \$95,000 of Sacher's donation was in fact spent, including \$15,000 paid to Gerald Carmen as "tour manager" â\200\235.

Upset that much of his donation was spent

even though Chamorro never came, Sacher called David Carmen to complain. Carmen responded: "I was deeply disturbed by your clear disappointment.

I know that everything we are doing for you is

valuable and tremendously worthwhile... As for your project, I was

\$1000

"Ayuda Memoria, 22 September 1989", an internal Nicaraguan

12.

President Ortega's

Foreign Ministry evaluation submitted to the

Office on Carter's mid-September visit and his September 22 letter.

There was a third aspect:

13.

the Sandinistas's reasoning was

that, instead of blocking U.S. interference, it would be best to

document and denounce, before the electorate, blatant U.S. tutelage of the opposition.

However, as I analyze in chapter 7, the issue

was more complex and the effort backfired.

14. Newsweek (September 24, 1989) first reported on the \$5 million CIA program, and then gave additional details in its October 9, 1989 edition.

The author obtained further information from a

source close to U.S. intelligence, as well as from several UNO leaders.

Also, see COHA, "News and Analysis, March 1990.

15.

Newsweek, *ibid*.

16.

New York Times, 4 October 1989

17.

Newsweek reported on this program in its 12 March 1990

edition. The author obtained further details in interviews with sources close to U.S. intelligence and with UNO leaders.

18.

See, for instance, La Prensa, 7 January 1990.

19.

11 by the West German Embassy in Managua.

The statement was distributed as a press communique on January

20.

Alfredo Cesar, see *Envio*, June 1989.

August 1989.

This was reported by contra (and later opposition) leader

Also see Washington Post, 4

contra rivalries,

21.

These meeting and related events regarding the closing of the contra offices,

and contra-State Department

disputes, were widely reported in the U.S. media.

Among other

reports, see The Washington Post, July 18 and 28, 1989; The New York Times, 18 July 1989, The Washington Times, 17 July 1989, The Miami Herald, 18 July 1989, 6 June 1989; The Wall Street Journal, 17 July 1989; Los Angeles Times, 8 June 1989.

Some \$200,000 in

State Department political subsidies for the U.S. offices was redirected towards getting contra leaders back into Managua.

22.

September 1989.

For details, see Washington Post, 2 September 1989, and 7

23.

Ibid.

24.

D.C.

Author's interview with Palazzo, December 1989, Washington,

26

Haig. "I am currently working with Senator Bob Graham. His office gas assured me they will see that the cargo arrives in Nicaragua"

Senator

but

one

of

Bob

Graham's

office

was

numerous

clandestine channels for UNO shipments to Nicaragua. Other freight was shipped in crates from Miami freight companies to Costa Rica, and from there sent secretly overland into Nicaragua for unloading.

Receipts

shipping

transactions indicate,

that the "Faith Freight

Forwarding Corp" of Miami, sent out a 20 foot crate to Puerto

Limon, Costa Rica's Caribbean Coast port, on December 19, under the

name of Pedro Joaquin Chamorro Jr., who is Violeta Chamorro's son

and a former member of the contra directorate.

for instance,

documenting

internal

and

letters

these

According to the receipts, the crate contained, among other items, a 162 lb. box sent by Creative Marketing Ideas, and 5426 lbs. worth of UNO campaign posters and other materials produced by "American Photo Inc." in Miami, including 12,500 plastic glasses, 200,000 plastic bags, and 100,000 plastic UNO flags - precisely the campaign materials detailed in The Carmen Group strategy document. Roberto Faith, a Costa Rican citizen residing in Miami who at the time was also working with another outfit funding by the NED N) sent a FAX to UNO headquarters in Managua on December 20, addressed to Chamorro Jr.

Faith ran a shipping concern out of Miami called the Faith Forwarding Corp. The FAX stated:

"I'm sending you a copy of 'loading Guide No. 003944' which describes the contents of the load that left on December 19 and should arrive at PMerto Limon on December 24. From there it will be taken to San Jose and sent overland to Managua. I have also sent a FAX copy of this project to Mr. Richard Beck of Atlas Electricas in Costa Rica, who will help in shipment from San Jose to Managua. My office in San Jose, which has a lot of experience, will also cooperate in this endeavor".

Another Carmen Group "consultant" hired for the Nicaragua project was former Republican Congressman George Wortley, who had sat on the Banking and Finance Committees. Wortley was paid \$6500 by the Miami Committee for "services rendered" which sources from

the Committee defined as "confidential services". At the same time as he provided these undisclosed services to the Miami group, Wortley was also a consultant for "Financial Institution Services Corporation of Washington D.C., an outlet that served as an intermediary for the financial transactions of Alvarado's security firm, AIBC Financial Corp &K

Meanwhile, the National Republican Institute for International Affairs (NRI) also coordinated activities with the Miami Committee. NRI Director Keith Schuette personally oversaw the production in Miami of UNO campaign propaganda, even though the NED charter expressly prohibited such activity. Schuette contracted the Miami printing company "Creative Marketing Ideas", at 4075 SW 83rd

38.

For instance, the trade unions should instigate "multiply crises in public and private production and service units", promote the demand for "automatic wage hikes in accordance with inflation" and for the "demobilization of the Sandinista army."

11 July 1989 State Department declaration, read by Spokesman

39.

"Professor Tony

Richard Boucher at State's daily press briefing.

Ybarra"

was "a representative of

Freedom House, a respected independent human rights organization.

Mr. Ybarra had been in Nicaragua observing the electoral process."

said the declaration,

(sic)

40.

November 1987.

,Author's

interview with Philip Agee,

Washington,

D.C.,

Independent Liberal Party

41.

representative in Miami,

Enrique Gabuardi, gave the authors a detailed description of this Miami infighting in the 1988-89 period, in an interview on January 4, 1990.

(PLI)

42.

The background on Alvarado, the AIBC Financial Corporation and its role in contra money laundering, was provided by several sources,

former contra money

launderer in Honduras who had a falling out with the contras in 1987 and moved to Miami, and confidential legal and journalist sources in Miami.

among them, by Alberto Suiir,

a

43.

The NED and the State Department would later set up a "Nicaragua Task Force" to coordinate inter-agency activity in Washington around the NED programs (see chapter 3).

44.

The office building was at 1390 Brickwell Avenue. In 1990, Jeb and his Miami building would become embroiled in an Savings and Loans scandal. See Associated Press, 15 October 1990, and New York Times, 15 October 1990.

45. See "Fact Sheet" on the Committee distributed to journalists in Miami on September 15, 1989.

46.

Chamorro press conference at Bayfront Park, Miami, September 15, 1989.

Also see stories in The Miami Herald and Diario Las

Americas, 16 September 1989, and The New York Times, 19 September 1989.

47. It was first founded under the name "Carmen, Carmen and Hugel".

48.

Together with William Casey, he had directed an illicit, covert intelligence operation against the presidential campaign of Jimmy Carter in 1980.

,ASjpart of this operation, Hugel infiltrated



Institute for Electoral Promotion and Training (IPCE).

Paid IPCE

staff would include 72 "Deputy Directors" around the country, 108 432 "Department Heads," 540 "coordinators," and "Supervisors", 15,300 "Verifiers" m.

The 15,000 people from this latter category alone was to be paid a daily stipend of \$4 day for their work, amounting to \$60,000 for each day that the Verifiers were employed. Exactly how much of the Carmen budget categories were actually fulfilled, or what percentage of these categories was handled by Carmen and what percentage passed through other Channels, is not known.

It is clear, however, that the specific spending called for in the document was actually carried out: UNO campaign workers gig receive their salaries.

The plastic cups, flags, bumper stickers, etc., gig arrive in Nicaragua, top level UNO representatives gig shuttle back and forth from Managua to different U.S. cities for "fund raising events", and the U.S. gig in fact pay for several foreign observer delegations, among other Carmen categories that were fulfilled.

The details of the Carmen Group budget overlap heavily with details of NED budgets and of UNO budgets.

Within a complex division of labor throughout the U.S. electoral intervention project, it would appear that NED assumed overall guidance of certain categories of spending, Carmen others, and the CIA or AID yet others. Much of the Carmen budget categories were distinct from the \$12.5 million that Congress appropriated, and which is traceable. NED's charter prohibited it from giving direct campaign aid to UNO, and from carrying out projects within the U.S. Thus, while NED took charge of public and "overt" funding to UNO and its auxiliary organizations in Nicaragua, The Carmen Group and the Miami Committee ran the public relations work in the U.S. and direct fund-raising for UNO. The monies and supplies raised for UNO by Carmen, in distinction to the NED funds, were sent secretly to Nicaragua and never reported to the Supreme Electoral Council, as Nicaraguan law required.

and the assistance of Carmen,

Throughout the electoral campaign,

Carmen Group President David Carmen admitted that his group raised at least \$600,000 for UNO campaign materials 80.

Other

Carmen documents indicated that close to a million dollars passed through the firm's hands.

Alvarado explained that the Miami Committee raised additional tens of thousands of dollars through local fund raising 81.

The Miami Committee, using local media outlets, the political infrastructure set up during the years of the contra war, NRI and other

entities based in Washington, carried out dozens of fund raising events.

the flow' of UNO

leaders to and from Miami was constant. For instance, on February 14, the Miami Committee brought UNO leader Francisco Mayorga, who would go on after the elections to become President of the Central Bank, to give a talk to "Nicaraguan American Businessmen and

Bankers" in Miami.

The businessmen presented him with \$8,000 afterwards for the purchase of 200,000 UNO stickers to take back to Managua.

For

instance, in November, Guillermo Potoy was interviewed on Miami's Channel 23, the local Univision station where Carlos Briceno had

worked.

As part of the program, hosts from the Miami Committee

Events such as these were near daily occurrences.

Houseq

INicaraguan immigration authorities decided at that point to cancel his visa.

The State Department condemned the cancellation as evidence that the Sandinistas were "harassing the press, the opposition, and international observers. "lâ\200\235

After UNO won the election, Ibarra returned to Nicaragua.

ZHis

Nicaraguan citizenship was restored and the new government named him Deputy Minister of the Presidency.

Managing the Opposition Campaign in the U.S.

CIA

funds

any number of institutions in Europe, Latin America and the United States - through foundations, kindred institutional groups, etc. There are millions of ways to get money into Nicaragua.

channeled through

can be

- a former CIA agent with 20 years experience in Latin America

The

electoral

project

intervention

transnational undertaking.

But Washington became the veritable command center.

The city of Miami, from U.S.

territory, became the staging point for the operatives, finances and materials involved in the electoral intervention project.

And

as in Central America, the task in Miami was not to create new structures,

but to transform â\200\230what was already a key contra political and logistical rearguard, into a functioning support system for the electoral effort.

the gateway to Latin America

was

a

In their August 1988 planning meeting at the State Department, U. S. officials examined the options for mounting operations out of Miami.

The participants discussed forming a "Committee for Free Elections and Democracy in Nicaragua. "

The objective of this

Committee would be to act as one of several liaisons between Washington and Managua.

As U. S. agents set about to form such an outfit in Miami, they ran up against problems in the changeover from contra to internal

opposition rearguard..

The contras did not want to demobilize or to lose their U. S. sources of funding and power.

Miami had been

invaded in 1979 by Somocista businessmen, politicians and National Guardsmen fleeing the revolutionary triumph.

These groups and the

CIA agents that ran the contra program gained great influence over the community of several hundred thousand Nicaraguans who came to settle in the City.

Many Nicaraguan power brokers in Miami

panicked at the realization that the pinata of the contra war was winding downd

Groups like the Nicaraguan, American. National

Foundation (NANF), run by the long--time contra leader and CIA agent Adolfo Calero, BoscoIMatamoros and Alvaro Rizo, complained bitterly

give MORE! (sic)..." The letter was signed by several members of the Miami Committee's "honorary board", including Jeb Bush, as well as by Republican Billionaire Donald Trump, and by Ron Brown and Lee Atwater, National Committees, respectively D.

Republican

Democratic

Chairs

and

the

of

After the letter had circulated, Brown denied that he had endorsed the Chamorro candidacy, and had his attorney release a statement asserting that "Brown does not participate in foreign elections"

the Democratic National Committee had approved the letter without Brown's authorization n.

According

Carmen,

David

aides

from

to

In.

Designing UNO's Electoral Campaign

The Carmen Group handled a curious combination of public and secret relations. It circulated a working document in September 1989 to the State Department, NED and other offices in Washington. The document provided strategic guidelines for the UNO electoral campaign, detailing a comprehensive strategy of political and psychological financial expenditures:

operations

PSYOPS),

(POLWAR

and

and

In order to counter what will most certainly be intense and well financed activity on the part of the Sandinistas, the opposition's campaign must and will take advantage of every hour between now and February 25th, election day...

The population must first be provided with incentives for wanting to attend the rallies. They are therefore fed at these events and given souvenirs of the rally which, in addition to giving them something to take home, also provides a feeling of

well being in contrast to the stark poverty in which they have been living under the existing regime. This has the added advantage of keeping the opposition ever present in their minds. Further, these people must be transported to and from the rallies.

Population mobilization and motivation requires resources for a full time organized activity by many campaign workers in the 16 geographic departments into which Nicaragua is divided. It the population and campaign staff in each district. Equipment, food and souvenirs must also be purchased.

transportation

requires

also

for

The document also detailed two phases of the opposition campaign. Phase I was to consist of "raising the consciousness of the Nicaraguans", and would raise the following themes among the population:

"Hunger, Misery, Obligatory Draft, i.e., the status quo versus Change Liberty and Employment."

Phase II "will consist

of the mechanics and reasons for voting for the opposition and will occur between December 1 and February 26."

This phase would

to print up UNO T-shirts, bumper stickers,

Avenue,  
and other

electoral paraphernalia. Creative Marketing Ideas was run by Luis Arguello, a Somocista businessmen who left Nicaragua before the Revolution. "Thank you for your quick response on the printing of the T-shirts of our Nicaragua program," stated a letter from Schuette to Arguello. The letter specifies that the order was for \$17,632.00 worth of T-shirts, with the UNO campaign slogans UNO POR LA DEMOCRACIA (UNO for Democracy) and UNO SOMOS TODOS (UNO is everyone). It also states: "Please advise if this price includes tax,

in this  
operation NED not only secretly violated the prohibitions on providing direct campaign paraphernalia to UNO, but also the regulations guiding its tax-exempt status.

as we are a tax-exempt organization" 89.

Thus,

In UNO's relations with these U.S. patrons, there was never any question about who was in control.

Just as Lacayo was bawled out for having unilaterally authorized Palazio to raise funds, so too he was often informed, post facto, of decisions taken for UNO by U.S. agents.

For instance, on December 22, 1989, the U.S. daily USA Today ran a column on its editorial page which quoted Violeta Chamorro affirming that "the Americas are unified in the spirit and desire for democracy, freedom, and entrepreneurship."

On the same day, David Carmen's personal aide, Cynthia, faxed a copy of the article to Lacayo. USA Today had "wanted to get a quote from Dona Violeta with her feelings on the subject", she explained in the fax. "You were unavailable so David and I made up the quote" W

The U.S. strategists took the decision to make the spending of the \$9 million highly visible and separate from other U.S. funding. Among other objectives, this would deflect attention away from clandestine and semi-clandestine spending through other channels.

U.S.

Embassy

An internal NRI memorandum recounted a meeting at the State Department on January 12, 1990, some six weeks before the voting, between representatives from several of the NED groups, including NDI and NRI, David Jessup from AIFLD, and Valentine Martinez, from the State

Department's Nicaragua team.

The meeting was called to discuss the funding operations. During the meeting, Roger Noriega, who did AID's public relations work for the \$9 million, proposed "getting out in front of the press and circumventing sending money to IPCE through the Nicaraguan Central Bank (as Nicaraguan laws required), and instead sent it through Florida". "We told him to keep the press at bay and forget about any Florida alternatives," recounted the NRI memo m.

Managua,

the

in

met

with

most

of

Meanwhile, NRI drew up a list of 6 "possible options" for

sending money to UNO:

- "through the existing IPCE account in Miami;
  - send direct cash payments by courier;
  - seek Nicaraguan nationals with major holdings in U.S. who could offer cordobas in exchange for deposits to their U.S. accounts;
  - attempt to free up BCN (Nicaraguan Central Bank) dollar holdings in Panama, or arrange for other BCN access to dollars;
- â\200\224 apply political and public pressure to Nicaragua to comply with



was provided by the Rules and the Intelligence Committees of the House  
CIA  
a  
restrictions.

description

specific

terms

the

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of

of

as

"Legally" by this definition merely means in accordance with Congressional stipulations.

There is an enormous gap between what is "legal" in accordance with legislation set by the United States Congress, and what is legal in accordance with international law. There is also little correlation with what is "legal" and what is moral. Congress passed \$100 million in contra military aid in June 1986, so the slaughter of thousands of Nicaraguans with those funds was, by the perverted logical of U. S. lawmakers, "legal".

But when

the contras slaughtered Nicaraguans with funds supplied secretly by Oliver North, these killings were "illegal".

See,

for example,

6.  
Nicaragua: Choices for Congress on Covert and Overt Aid,"  
Preview,  
Foreign Policy Caucus.

Efforts to Promote Democracy in  
Issue  
issued by Congress' Arms Control and

3 August 1989,

"U.S.

7.

New York Times, 25 April, 1989

8.  
Carter made this endorsement in comments to reporters after meeting with George Bush in the White House on September 21, 1989. On another occasion, Carter said he personally believed that the \$9 million amount was "excessive." He stated this in private meetings at a symposium organized by The Carter Center at Emory University in Atlanta on November 14, 1989, titled "The Nicaraguan Elections: A Turning Point?".

9.  
Stated in a September 22, 1989 letter from Jimmy Carter to Daniel Ortega, as a follow up to their mid-September meetings in Managua.  
The letter was provided to the author by aides to then-President Ortega.

dated.

(there is)

10.  
 Brian Atwood and Keith Schuette, Presidents of NDI and NRI,  
 respectively, sent a letter to Nicaragua's Deputy Foreign Minister,  
 Victor Hugo Tinoco,  
 and a warning that  
 "despite the assurances given to us... we are seriously concerned  
 that  
 in NED payments to the  
 opposition through the Nicaraguan Central  
 "This will  
 seriously undermine Nicaraguan and international confidence in the  
 electoral system."  
 The author attended the public portion of the  
 January 15 NED board meeting in Washington  
 where NED  
 officials  
 international  
 campaign.

a pattern of delay"

discussed the

a possible

.January

letter

Bank.

1990,

D. C.

and

11.  
 Sergio Ramirez.

January 22, 1990 letter from Jimmy Carter to Vice President

treatment in getting three phone lines within a matter of weeks!

94.

The FSLN was - and still is - the largest and best--organized political force in Nicaragua, and the only one with a national presence and a mass social base.

This meant not only tens of thousands of members and supporters organizing campaign activities around the country, but also contributions in domestic currency from a mass base of support.

Memorandum from Curtis Cutter,

95.

President of Internworld

Consultants Inc., to NDI Vice-President Ken Wallack, dated January 9, 1990.

For these statistics, see Latin America Studies Association

96.

(LASA)

"Electoral Democracy Under International Pressure," the Report of the LASA Commission to Observe the 1990 Nicaraguan Election, Pittsburgh, Pittsburgh, pg. 26.

March 15,1990,LASA,University of

97.

Ibid.

98. Moreover, foreign supports of the FSLN were providing material assistance tx>aa home-grown, nationalist movement struggling for Nicaragua' 5 national identify, soveriegnty and self--determination. On the other hand, as we have seen with meticulous detail, UNO was, literally, a creation of the United States - organized, guided and financed by the U. S.

Jose

with

Antonio

The services payment to Wortley was confirmed in a phone  
88.

AIBC's

interview

transactions with "Financial Institution Services Corporation" were  
confirmed by sources close to the Miami Committee,  
who also

provided receipts to the author. Although Alvarado gave no clue as  
to why Wortley was paid so much for his services to the Committee,  
one wonders whether it had anything to do with money laundering for  
UNO, given Wortley's experience in banking and the earlier relation  
between AIBC and "Financial Institution Services Corporation".

Alvarado,

January

1990.

89. Letter from Schuette to Arguello, dated October 6, 1989.

90. A copy of the fax, dated 22 December 1989, was provided to the  
author by sources close to the Miami Committee.

91. Internal NRI memorandum, provided to the author by sources  
close to NED.

92.

memorandum, dated 22 December 1989.

for Financial Transfers,"

"Options

2-page

internal NRI

by

on

sent

story

Operating

correspondent

Nicaragua

Opposition

its

"Nicaraguan

93.

One example of how U.S. media reports distorted the issue is  
depicted in The Washington Post, 13 November 1989, which ran a  
Lee

frontâ\200\224page

titled

Hockstadter,

a

The Institute for Media Analysis, which sponsored a

Shoestring."

"Nicaragua Election Project," noted;

WThis (the shoestring budget)

was exemplified, according to the story, by the report that UNO's Managua headquarters only had a telephone by grace of tapping into a friendly neighbor's home.

Not only poverty was a factor, of

course, but, the article said, clearly the Sandinistas were denying the opposition even access to the telephone system.

Diligent

readers who went past the lurid first paragraphs could learn that, in fact, the government telephone company had just installed three new lines especially for UNO."

(See David MacMichael and Edgar

Chamorro, "Nicaragua Election Project, Pre-Election Final Report," February 1990, Institute for Media Analysis, New York.)

The "no

telephones for UNO" argument was also sent out by the AP wire service (November 12) and other U.S. media. Jeanne Kirkpatrick, on November 12, gave a speech in Blacksburg, Virginia, in which she repeated the argument, and claimed the "refusal" of the Sandinistas to supply the UNO offices with phones shows the Sandinistas did not intend to "allow a fair election."

In addition to the fact that

three phone lines were already being installed just for UNO, this propaganda argument ignored the fact that UNO was a coalition of 14 parties, and that each party also had its own offices in Managua, all with phone lines.

It also ignored that UNO's office had only

been opened in October -

just weeks U.S. press reports claimed the Sandinistas were denying the opposition phone lines.

In fact, one

normally is placed on a waiting list for several years in Managua before actually getting a phone line installed

Thus not only were

the U.S. reports distorted, but UNO actually received special

claiming that the "periodical is "one of the most respected. dailies in West Germany. "

. UNO activists turned "the discovering of high level Sandinista corruption" and "secret Swiss bank accounts" into a major electoral issue.

The commotion made by La Prensa and UNO reached such a pitch that, in a rare public commentary of such a nature, the West German Government released a statement in Bonn stating that "the reference to the Frankfurter Allgemeine Zeitung article, the Government of the Federal Republic of Germany has no information on the subject, but it is known that such information has for some time been promoted by sources in the United States, possibly by the same sources (mentioned) in the article. " w

#### Contras-Cum-Civic Leaders

Beyond these \$11 million, some of the CIA contingency funds going to the contra offices in Miami and Washington were also redirected to Civic opposition activities and the cultivation of so-called "agents of influence" for the electoral process.

The return of contra political leaders to Nicaraguan had to be financed and loyalties cemented.

The State Department played an active role in the return process.

The hard liners there who had resisted the shift in U. S. policy had cleared out together with the departure of Elliot Abrams.

State Department officials shifted their support among the motley contra crowd from the military diehards to those more politically savvy, who would be able to take up the reigns of the civic struggle inside Nicaragua.

In February 1989, the State Department reduced its monthly payments to the contras' U.S. offices from \$800,000 to \$400,000, and then suspended the stipend altogether several months later. No Between February and July, State Department officials held a series of meetings with contra

from the Miami and

Washington offices to work out the restructuring.

The attenders, among them long-time contra leader Adolfo Calero, and the contras' U. S. spokesman Bosco Matamoros, were told that the U. S. offices would be permanently closed by the beginning of the electoral campaign and that the politicians should return to Managua. Leadership of contra troops - who had an important role to play in the elections - would be passed to the field commanders in Honduras (see chapter 7).

"The State Department has betrayed us, " charged a furious Calero.

#### representatives

In the first half of 1989, dozens of high-level contras returned to Managua to assume positions of leadership in the UNO campaign, including the industrialist Alfonso Robelo, who had spent many years as a director of different contra groups.

Robelo had close political and business ties to Costa Rican governing circles, including Oscar Arias.

After the UNO Victory he was appointed as Ambassador to Costa Rica.

Social Christian leader Azucena Ferrey and

Chamorro's

contra

Directorate members, also returned.

Violeta

former

son,

Pedro

Jr.,

both

The closure of the offices sparked fierce infighting over

6

DEMOCRACY OR INTERVENTION?

THE UNTOLD STORY OF U.S. INVOLVEMENT

IN THE NICARAGUAN ELECTIONS

BY: WILLIAM I ROBINSON,

WITH A PROLOGUE BY ALEJANDRO BENDANA

DRAFT: NOT FOR CIRCULATION

PLEASE DO NOT CITE

THE CIA, PUBLIC RELATIONS, SECRET RELATIONS,

AND MULTIPLE MONEY POTS:

CHAPTER 6:

It shall be unlawful for a foreign national directly or through any other person to make any contribution of money or other thing of value, or to promise expressly or impliedly to make any such contribution, in connection with an election to any' political office (n: with. any jprimary election, convention, or caucus held to select candidates for any political office, or for any person to solicit, accept, or receive any such contribution from a foreign national.

connection.

in.

- United States Public Law 94-283, Section 441-E

In the Fall of 1989, when the Bush administration submitted a request to Congress for a special \$9 million dollars in "electoral assistance" for Nicaragua, much of the attention in Washington focused on.a terse affirmation by one White House official that "we are not ruling out covert activities and CIA participation in this program" 1. said the official, wants to "preserve its power to conduct secret intelligence operations" aimed at influencing the Nicaraguan elections, and is considering providing "secret contributions or political guidance to opposition leaders" 2.

The administration,

This was a deliberate

Government officials do not normally'make such.public comments on covert actions.

aimed at

"perception management, "

a phrase which refers to the use of

psychological operations and media manipulation to control the way in which the public perceives an issue 3.

The administration' s

objective was to define the issue before the public eye as overt-versus--Covert intervention in Nicaragua; to counterpoise overt as the benign, and only, alternative to covert, and thus win support for it.

In this way, the administration kept the debate narrowly circumscribed.

"leak"





became well known after his activities in the Contragate scandal were exposed in Congressional investigations â\200\2353

Castillo was replaced in San Jose by Valentine Martinez, who became Cesar's case officer and CIA-BOS liaison.â\200\230  
Martinez was later posted at the U.S. Embassy in Managua, in early 1989, shortly before the opening of the electoral process.  
As the contra political leaders began filtering back to Nicaragua, Martinez worked political structures, and at mitigating, with money and political pressures, the resentment that opposition leaders who had never left Managua felt against the returning contras an

integrating

opposition

them

into

at

the

The State Department, in its eternal search for a "moderate" contra who could win public and Congressional support for Nicaragua policy, discovered Cesar in 1987.

With his command of English, impeccable dress and understanding of the U.S. political system, the Stanford-educated Cesar became a master at charming the Washington crowd.

"He alone of the country's politicians was conversant with the new language, of the 1980s," said his associate.

"Cesar also sought out Oscar Arias and

His aim was to become the most

Speaker of the House Jim Wright.

attractive contra, the one genuinely interested in negotiation and compromise" â\200\235C and to build bridges with both the Democratic Party and the Republican White House.

the new vocabulary,

In 1987, Cesar became a member of the Directorate of the Nicaraguan Resistance.

This gave him a platform from which to negotiate the conditions for his return to Nicaragua.

During the contraâ\200\224Sandinista cease-fire negotiations of 1988, Cesar entered into secret, unilateral negotiations with Nicaraguan authorities over his return to Managua to participate in elections m.

As Cesar prepared his return to Nicaragua, he began shuttling back and forth between Guatemala, Caracas, Miami, San Jose and Washington, sometimes alone, sometimes in the company of other opposition leaders, and sometimes with CIA officers.

He reportedly

became the bag man for much of the CIA slush funds, and played an important role in setting up secret structures.

According to one

opposition leader, Cesar met individually with UNO leaders on one of his visits to Managua, accompanied by Guillermo Potoy of the Social Democratic Party.

To each one he offered a monthly stipend

of \$5,000 in cash from CIA slush funds, in exchange for discipline

around the UNO formation and program m.

One source explained that

the CIA was particularly pleased with Cesar's close relation to Chamorro.

This would assure easy manipulation of the presidential candidate. "We invested a lot of money in Cesar. We put him on the payroll. We turned him into a kind of 'Rasputin' 9."

refinery

Cesar developed a following of loyalists around himself.

In addition to Potoy, there was Danilo Lacayo, former manager of Exxon's Chamorro government's Minister of Information, and Carlos Hurtado, who went on to become Minister of Government. Cesar returned to Managua in June 1989 and became UNO campaign manager. Leaders who had never left the country to join the contras resented the influence of Cesar, whose ever-changing alliances had left him many an enemy. In

later became the

in Managua,

who

recorded as passing to the Council's "Fund for Democracy," in accordance with the electoral law.

"Thus," concluded the U.S.-

"although the FSLN

based Latin. American, Studies Association, campaign

received

considerably less cash than UNO" â\200\2351

appeared

UNO's,

cost

to

as

much

as

it

However, the crux of the issue is not a comparison of the quantity of external support for one or another political group, but external intervention in the electoral process.

Neither the

solidarity groups in Latin America, Europe and elsewhere that send

cash contributions or electoral paraphanelia to the FSLN, nor the

socialist countries â\200\230which,

apart from. the electoral process,

continued to supply economic assistance to Nicaragua as they had

done since the early 1980s, intervened in the process, imposing

their will on the Nicaraguan electorate â\200\234K

This was a contest between the Nicaraguan revolution and the United States; not a contest between the FSLN and UNO.

The

electoral "playing field" had been cast and shaped by the U.S.

during ten years of warfare, and further molded through electoral intervention.

Between 1979-1990, the U.S. mobilized and employed

against Nicaragua vastly superior technical, material, political,

and ideological resources â\200\224 in which.UNO and the resources supplied to it was but the latest anti-Sandinista instrument.

Indeed, this

was ngt a very level playing field; the United States had shaped

this playing field in

and enjoyed the

overwhelming advantage on it.

How U.S. strategists brought this

all together on a playing field in which they enjoyed overwhelming

advantage, is shown in the next chapter.

a decade of warfare,

1.

2.

The New York Times, 11 June 1989.

The New York Times, 11 June 1989.

3.

This term was first used by the Pentagon in a secret document, drafted in 1983 and later leaked to the press, which discussed the existence of a "program of perception management" for Central America.

See Robinson and Norsworthy, David and Goliath, Op. Cit.,  
pg. 36.

4.

See letter of 6 September 1989 addressed to Speaker of the House Tom Foley and signed by leaders from Americas' Watch, the International Human Rights Law Group, the Washington Office on Latin America, and others.

The signatories made strong and quite  
laudable arguments against covert intervention.

The problem was  
that they adopted the terms of debate set by the U.S. government  
and thus lost sight of the unitary intentions of covert and overt  
intervention.

5.

The stipulations restricting CIA activities was contained in  
the FY 1990 Intelligence Authorization Bill, which was legislation  
separate from that authorizing the \$9 million.

For details, see

"DSG Legislative Report,"

and

"Colloquy Between Chairman Beilenson and Chairman Moakley," which

5 October 1989,

on H.R.

2748-,

24

their commitments to UNO and NDI/NRIIA" â\200\235.

For Who was the Playing Field Not Level?

U.S.

As noted

in chapter three,

financing for UNO was justified as a "non-partisan" effort to "level the playing field." As this and previous chapters have shown that U.S. support for the anti-Sandinista forces went well beyond official NED funding.

Yet

part of U.S. tactics was precisely to paint UNO internationally as the "destitute David" against the Sandinista Goliath.

This notion

not only helped inculcate an imagined reversal of reality - the Nicaraguan David against the U.S. Goliath - but also justified for public opinion this unprecedented U.S. involvement in a sovereign nation's

as projected by the Bush administration and in U.S. press reports, was an integral part of a public relations campaign for consumption in the U.S. and internationally, with little or no correspondence to reality in Nicaragua %.

resources,"

electoral

process.

UNO's

"lack

of

An apparently more austere campaign on the part of UNO had little to do with less resources or an uneven "playing field." Rather, it was a reflection of the Sandinistas' ability to organize and project a mass base in stark contrast to UNO's lack of a nation-wide base and inability to mobilize the population â\200\2343

In

NDI contracted the consulting firm

1989,

late

Interworld

campaign.

Interworld's president, Curtis Cutter, after a trip to Managua,

"The FSLN has a well-organized

reported in an internal memo:

campaign (in contrast to) UNO's lacksidaisical performance.

If

this situation continues much longer an impression will be created that UNO does not represent a significant force...The impact of this on the elections could be significant"

for

Consultants,

instance,

assess

Inc.,

UNO

the

to

Even if the issue is reduced to one of dollar-for-dollar spending, it is not at all clear that the FSLN actually received more external support than its opposition.

As noted, \$7.7 million

of the \$9 million NED package went to UNO and its affiliated civic, labor and press groups.

In addition, the CIA spent at least \$11

million directly and indirectly for the UNO campaign.

in: this

\$18.7 million must be added all those funds that flowed in to coffers of the UNO or the pockets of its leaders through the channels analyzed in this chapter, which could well number into millions of dollars (the actual amounts will probably never be known). For its part, the FSLN reported to the Supreme Electoral

Council

that

in

contributions of material aid and slightly more than \$400,000 in cash contributions from abroad.

The material contributions,

according to CSE records, included more than 100,000 T-shirts from

Mexican, Colombian, and Spanish solidarity organizations, 190,000

posters from French political groups and 200,000 baseball caps from

Vietnam

If fifty percent of the FSLN's cash contributions were

\$3,017,085

received

million

total

of

it

a

23

someone who they see as intimately connected to the Contras - probably due to a great deal of unfair publicity surrounding Ernesto.

Also, this confusion causes a loss of credibility and effectiveness on our part as the UNO' s official fundraising committee....

What we suggest is some direction from you that Ernesto work directly with Ambassador Carmen (Gerald Carmen) in a less upfront fashion, so that we can all present a unified front (sic)

.

On the same day as this letter was sent, David Carmen's personal assistant, Cynthia Lebrun, faxed a copy to Jose Antonio Alvarado in Miami, together with a cover letter in Spanish:

I am sending you a copy of the fax we sent to Tonio Lacayo today regarding the Ernesto affair, which you and I spoke of yesterday. As you can see, David used a moderate tone in his letter, but I want to warn you that we are very annoyed by the situation.

What David did not say to Tonio is that we fear that Ernesto' s reputation could prove detrimental to us... With Iran- contra and all the other problems that have come up, we certainly don't need this additional problem of Ernesto. We would like you and Tonio to tell us how this affair will be resolved. I also want to mention to you that Ernesto has told several people that he has already raised \$50,000 for the campaign. I hope that money has been forwarded to Managua ".

Whether or not Palazio sent the \$50,000 to UNO coffers in Managua is not known. But even if these funds were sent down, they were never reported to the Supreme Electoral Council, as Nicaraguan law had required. For that matter, none of the funds coming from the United States, "private" or "public" were reported to the Council, except for the official NED funds that came from Congress' \$9 million appropriation.

There were also problems in the efforts to enlist the support of Democrats in the "private" campaign fundraising. As part of its preparations for Chamorro' s January 1990 tour of the U. S.

The Carmen Group requested that the Democratic and the Republican National Committees jointly circulate a letter of support for the UNO candidate calling for campaign, donations from Americans. Staffers at the Republican National Committee drafted the letter: "Mrs. Chamorro will face Marxist--Leninist dictator Daniel Ortega in the first--ever free election to be held in Nicaragua. We are asking you to join with a diverse group of Americans, Republicans, Democrats, Liberals, Conservatives, Business Owners and Labor union Leaders to make an investment in Nicaraguan Democracy. We are asking you to give a minimum contribution of \$1, 000, but you can



and refused to cooperate with the efforts to reorient structures. Hard-line Somocistas, such as former National Guardsman Cristobal Mendoza, who had allegedly headed Somoza's Mano Blanco death squad, formed different Nicaraguan "exile committees" and even organized demonstrations against the electoral process, taking out adds on local as "traitorous" 4.

participation

opposition

condemning

stations

radio

Alvarado, a one-time

The Bush administration eventually found the ideal candidate, Jose Antonio Alvarado. Somoza diplomat and a business associate of Alfredo Cesar, ran an investment operation His outfit had been in Miami called AIBC Financial Corporation. used by the CIA in earlier years to launder contra funds. As an Hispanic securities broker, Alvarado had also been awarded several contracts under federal quota programs for minority businesses which were allegedly also used to send money secretly to the In the stormy months of late 1988 and early 1989, when contrasâ\200\230â\200\235. the contra. programl was ibeing' formed. the "Nicaraguan Civic Task Force" under the guidance of the CIA to regroup the Miami community around the internal political campaign and to stifle renegades resisting the Change 3.

shut. down,

â\200\230Alvarado

it?

it

will

How

will

function?"

administer

The Miami operation moved into high gear with the opening of the electoral process April 1989. In that month, NED officials met with Charge D'Affaires Leonard at the U.S. Embassy in Managua to discuss on-site strategy.

"What role for a Committee for Free Elections in Miami?" was one of the talking points on the agenda.

"Who

Shortly

afterwards, Alvarado's "Nicaragua Civio'Task.Force" was selected as the nucleus for the Miami liaison work. His group was renamed the "Committee for Free Elections and Democracy in Nicaragua".

The

Committee was given office space in a building owned by President Bush's son, Jeb, who became an "honorary member" of the its board (Jeb Bush purchased the building with loans from an S&L bank â\200\234.

that went insolvent.

As part of its bailout of the S&L Industry, the Federal government paid more than \$4 million to make good on Bush's loan.)

Alvarado gathered together a board of directors,

Pallais Debayle,

including:

Somoza's

former

Nicaraguan National Guard officer and business partner of Somoza;

and

family

newspaper, Novedades.

this

of

"professionals from the Nicaraguan exile community" who, together with UNO leaders in Managua, had taken the initiative to organize support among exiles for the opposition 45.

As part of the

deception, during her September 1989 visit to Miami the newly-nominated UNO presidential candidate, Violeta Chamorro, announced the official formation of the Committee as an initiative she

herself

the

Committee... because we need your help,"

stated the press release

she

completely

computerized, and we have nothing but our heart and our courage.

We need to unite our forces against these Marxistâ\200\224â\200\224Leninists who

Nadia Pallais,

undertaken

Sandinista

presented

Committee

the 'wife

of Luis

Publicly,

campaign

cousin

and

closest

advisor;

Carlos

Garcia,

director

as

a

group

of

Somoza's

decided

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former

"I

have

Nicolas

Lopez,

to

set

up

read

from .

"The

had

â\200\230â\200\234.

was

11

is

the

following themes:

and

"emphasize

of

personalities,

expression, Prosperity and improvement of quality of life" 76.

These strategy guidelines also spoke of the importance of designing and producing the opposition's campaign materials, a task that what assumed in part by CAD, in part by other groups.

Candidate's values

employment

country,

Freedom

Full

The

for

the

A careful study of UNO's electoral campaign from September 1989 to February 25, 1990 reveals that this strategy was fully implemented. The themes it outlined were precisely those upon which the UNO campaign was based (see chapter 7).

Although it was not

clear who actually authored the document (whether it was drafted by Carmen Group officials or merely circulated by this group), a cursory reading left no doubt that it was prepared by professionals in intelligence and in POLWAR-PSYOPS.

The language of the document

is the same as that found in CIA and Pentagon manuals on political and psychological warfare. The CIA's "psychological Operations in Guerrilla Warfare", distributed in 1984 to the contras, stresses the importance of "unarmed propaganda" and defines it as the use of themes sensitive to the target population.

and.

flags,

bumperâ\200\234 stickers.

The document also presented a detailed budget,

including

funding for these two phases, overall electoral spending, monies for the Miami office, and other items.

It. budgeted \$709,500 in

"souvenirs" for Phase I, including UNO caps, T-shirts, plastic glasses,

forâ\200\231 an

additional \$1 million for more "souvenirs" and \$1.7 million in "salaries and equipment." Other budget categories were \$168,000.00 in travel for UNO members to Miami and other cities (among them, Houston, San Francisco, Los Angeles, New Orleans, and Washington D.C.), and \$320,000 for trips to Nicaragua by North and Latin American and European "observers".

The total UNO budget drawn up

in the document was \$4.3 million. Just days before this document was circulated, a group from UNO had been brought up to Washington by the NED to lobby for public U.S. assistance.

The budget they

presented to Congress was for \$4,453,732.

called.

Phase:

II

spread-sheet for'

The Carmen document allocated \$75,000 in salaries for 10,000 "junior campaign workers", and \$90,000 in "salaries for senior campaign staff". UNO headquarters did in fact prepare an internal payroll month, to month salaries during the electoral campaign. the payroll included hundreds of local and national UNO activists with monthly salaries ranging from \$500 for UNO's "National Electoral Control Chief", \$250 for regional and zonal campaign heads, \$150 for district campaign chiefs, \$60 for municipal heads, and between \$50-\$60 for UNO workers, Considering that this 'money' was paid every 200\230month. beginning as early as September and October 1989, UNO paid out hundreds of thousands of dollars in salaries 77.

And these figures are only for UNO employees; they do not include thousands of other individuals who were paid by the youth, women, civic and trade union groups of the "national civic front" m.

The \$9 million congressional appropriation for NED included thousands of dollars in salaries for a nation-wide staff from the

November, while Chamorro was travelling abroad, a majority in the UNO Political Council voted to remove him from the campaign.

Upon Chamorro's return, however, she immediately appointed him as her personal campaign manager.

Although born in Nicaragua,

One of those who accompanied Cesar in his regional travels was Ibarra was a U.S.

Antonio Ibarra.

citizen

He had worked in the anti-Sandinista cause with such far-flung rightist groups as the World Anti-Communist League and the Moonies.

Ibarra was particularly active in the Institute for Religion and Democracy (IRD), a group set up by conservative leader Michael

religious

tendencies in the U.S. and Latin America.

The IRD helped the

Reagan

around

"religious persecution" under the Sandinistas, and funneled monies to the anti-Sandinista Archbishop Miguel Obando y Bravo 5.

administration

progressive

propaganda

counteract

campaign

design

Novak

1981

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In 1989, Ibarra presented a study to the Army-Air Force Center for Low Intensity Conflict in Langley, Virginia, on the threat of liberation theology and Marxism in Latin America.

The study

condemned the movements in Latin America known as liberation theology, or the "Church of the poor," as "an adoption of the Marxist interpretation of Christianity", which in Nicaragua has meant being "an accomplice of the torture and genocide" practiced by the "Sandinista communist regime" â\200\234.

In

earlyâ\200\231 March,

the Director of the State Department's

Nicaraguan Coordination Office, Alfred Barr, provided Ibarra with a letter of introduction for the Honduran Consulate describing Ibarra as "an Advisor to the Nicaraguan Resistance."

Ibarra

"wishes to travel to Honduras on official Resistance business," it stated.

"We would appreciate your efforts to facilitate his travel"

Ibarra  
anti-  
Sandinista projects.

advised Freedom House

also

its

1â\200\235.

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and

given

a visa

He was

accredited

In June 1989, Ibarra entered Nicaragua from Costa Rica on a U.S. passport and presented press credentials issued by Freedom House.

foreign  
correspondent.

In the following weeks he began organizing an electoral survey for La Prensa 36.

One of the documents he

distributed to La Prensa editors was a pamphlet he had prepared in Spanish for Freedom House, titled "Nicaragua: Model for Short Term Agitation and Propaganda" 3?.

The pamphlet recommended a "large scale program for social agitation" aimed at "modifying the conduct of the Nicaraguan people towards the electoral process."

The document provided basic data on Nicaragua's economic crisis; "these dismal

acutely suffering." The program will therefore involve opposition leaders from each sector - labor, political parties, and social groups.

It spelled out slogans and strategies for each of these sectors to "multiply daily conflicts among the most volatile sectors" and promote actions that "square off the urban population with the state machinery" m.

population

underscore

figures

that

the

is

In early July, Ibarra showed up at the offices of the Supreme Electoral Council to register as an electoral observer from Freedom





control of remaining assets.

In August, Ernesto Palazio, who worked as spokesman with the Washington office of the Nicaraguan Resistance was "fired" by Matamoros and stripped of his \$36,000 annual salary. Matamoros accused Palazio, who controlled the Washington bank accounts, of embezzling thousands of dollars. Matamoros presented cancelled Checkbooks showing that Palazio had been using a bank account set up to provide medical treatment for injured contras for his own personal expenses, including a \$700 reimbursement for tickets to President Bush's inauguration and life insurance premiums 3.

Palazio was one of the more moderate and astute of the He had allied with the pragmatists in the Inter-American contras.

Bureau at State.

"Palazio is operating under the assumption that his good relations with State Department officials made him

"Palazio is an asset of State."

'untouchable', "

Matamoros was gradually eclipsed by Palazio. At 2:00 A.M.

one

morning in September before closing the doors for the last time to the Nicaraguan Resistance office in Washington, Palazio brought in a moving crew to remove the archives, office furniture and other items and changed the locks to the offices 3

said Matamoros.

A few days later, Palazio was named La Prensa correspondent in Washington, and then later appointed "UNO representative" when the electoral campaign itself began.<sup>29</sup> Before, Palazio's job was to facilitate contra-administration relations in Washington; now it was to facilitate internal opposition-administration relations. After UNO triumphed in the February 1990 voting, Palazio remained in Washington; he was appointed by the Chamorro government as Ambassador to the United States.

in Nicaragua

The most important of the contras-cum-civic opposition leaders Ikazmui a handful of associates founded the was Alfredo Cesar.

after the

Social

Democratic

Party

Sandinista triumph.

In 1980 he was also appointed President of the Central Bank but resigned in 1981 and went into self-exile in Costa Rica.

There he worked for a while with the "ARDEâ\200\234 contra group.

In 1985 he formed the "Bloque ngstitor del Sur" (B08) together with his brother, Octaviano Cesar'

The BOS lobbied for support in

Costa Rica and among social democratic groups in South America.

Cesar developed a personal relationship with influential Venezuelan leader Carlos Andres Perez.

days

few

a

..

(literally

Cesar had an uncanny skill in forming and then breaking alliances with almost anyone, from the Sandinistas to the ruthless contra military commander Enrique Bermudez and Latin American social democratic leaders.

He was known in Managua as "Siete Cuchillos"

"the backstabber").

"He was capable of a rainbow of alliances; he could juggle a multitude of opposition Viewpoints while never appearing to hold more than one at a time," said one close associate of his. But the one alliance which Cesar sustained was with the CIA.

"The Cesars Octaviano) were being for their political activities by the CIA.

The CIA was happy to be doing business with Alfredo Cesar" â\200\235h

Cesar worked with the CIA station chief in San Jose, Tomas Castillo, whose real name, Joe Fernandez,

(Alfredo

knives",

funded

"seven

and

â\200\224

which

means

.Among' other â\200\230U.S.-funded. budgets â\200\230which

78.  
included. tens of  
thousands of dollars in salaries to UNO personnel, see "Nicaraguan  
Budget,"  
faxed by Antonio Lacayo to NDI's Keith Schuette on  
November 6, 1989, and "UNO Budget - 8/25/89 - 02/25/90", circulated  
by UNO representatives in Managua, and in Washington in their  
September 1989.

79.  
Summary Proposal, Nicaragua: Supporting Democratic Process",  
NDI document on the program provided to Congress, dated 5 December  
1989.

80.  
  
Author's phone interview with David Carmen, January 1990.

81.  
  
Authors' phone interview with Alvarado, 30 January 1990.

Mayorga's talks was on January 14,

82.  
1990 at the Sheraton  
Brickwell, and the Univision program was on Sunday, November 12,  
according to phone interviews with Alvarado in December 1989 and  
January 1990.

83. The letter was dated.January 24, 1990, and signed personally by  
George Bush. The White House Office of the Press Secretary made a  
copy available to journalists.

84.  
U.S.  
Magazine, May/June 1990.

Quoted in Jacqueline Sharkey, "Anatomy of an Election, How  
Money .Affected the Outcome  
Common Cause

in. Nicaragua",

85.  
Cited in Jacqueline Sharkey, "Anatomy of an Election, Howâ\200\230U.S.  
Money Affected the Outcome in Nicaragua", Common Cause Magazine,  
May/June 1990.

86.  
Letter on Carmen stationary from Carol Hallet to Barbara Haig,  
dated October 4, 1989 and supplied to the authors from sources  
close to NED. Senator Bob Graham's office confirmed to the author  
that staffers were involved in shipping supplies to Nicaragua, but  
refused to go into details.

87.  
The FAX explains that Roberto Faith is the Chairman of the  
"Calderon Committee in Miami". Rafael Angel Calderon of Costa  
Rica's United Social Christian Party won the February elections in  
Costa Rica. During 1988 and 1989, his party's political foundation  
- the.Association for the Defense of Liberty and Democracy in Costa  
rican - received nearly \$500,000 dollars from NED. The National  
Liberation  
funds  
constituted a campaign contribution to Calderon as part of the  
effort to punish Arias for his role in the Central American peace  
process.

denounced

Party

that

of

Oscar

Arias

the

32

67.

Letter from William Geimer to Carl Gershman, December 4, 1990.

68. "A Future For Nicaragua", two page document dated 28 November 1989 and prepared by International Media Associates, provided to the author by sources close to The Carmen Group.

69.

Alvarado, and David Carmen, January 1990.

Author's phone interviews with J.R.

Black, Jose Antonio

70. Letter on The Carmen Group stationery, from David Carmen to In a subsequent phone Antonio Lacayo, dated 22 December 1989. interview with the these differences with Palazzo and his role, but said that they were all working together.

admitted to

authors,

David

Carmen

71. Letter on The Carmen Group stationery from Cynthia Lebrun to Jose Antonio Lacayo, dated 22 December 1989.

72.

journalists by the Republican National Committee.

The letter was dated January 9, 1990, and made available to

73.

Carmen on January 9, 1990, on DNC letterhead.

See DNC Legal Council Christine A. Varney letter to David

74.

Author's phone interview with David Carmen. Carmen said that DNC official Barbara Drake had authorized Brown's signature, but that after the letter went out, another DNC official, Lyn Cutler, decided to withdraw Democratic support and convinced Brown to cancel his endorsement.

75. This document, titled "Budgetary Needs for the Committee for Free Elections and Democracy in Nicaragua" and dated September 15, 1989, was provided by sources close to NED. Although the Carmen Group actually circulated the document, it was not clear who actually authored it. In a phone interview, David Carmen refused to discuss the document. A cursory reading of the document, however, makes clear that it was prepared by professionals in intelligence and POLWAR-PSYOPS.

76. Ibid.

77. On January 9, 1990, the Nicaraguan daily El Nuevo Diario published one of the payroll spread-sheets given to it by a member of UNO. The publication caused a small scandal in Managua. The newspaper interviewed several UNO leaders, none of whom denied its authenticity, but rather defended this expenditure as necessary and acceptable.



if

as

it

did

to

instead

campaigns had received donations from South Korean interests.

Imagine

foreign

interference, the U. S. government had made the foolish decision to permit South Korean financing of U. S. elections.

Then imagine that

the South Koreans sent a public threat to the State Department that its funds - destined for blatant interference in U. S. elections - had better not be blocked or there would be retribution!

reacting

such

of

With the benefit of hindsight, these U.S. manipulations are easy to identify.

Such overt U.S. intervention, at the time, was novel and its mechanisms unknown.

Some Nicaraguan officials ingenuously' believed. that. could. be

established that proscribed covert intervention in the elections.

"Our position should be to tell Carter that assurances that CIA covert operations are not enough, "

recommended a Foreign Ministry

official, "that we would like assurances that all U. S. government agencies will refrain from covert activities and that all U. S. financing will be open. " Q

game, rules with. the 'U. S.

In addition, Nicaragua had little room with which to maneuver. Employing superior resources on the heels of a decade of the war of attrition, the United States put Nicaraguan authorities on the defensive with the threat of delegitimizing the elections and reproducing the 1984 abstentionist experience.

Any attempt by

Managua to limit U. S. intervention was translated by Washington's propaganda machinery as "signs that the Sandinistas did not intend to hold free elections. "

In the Sandinistas' cost-versus-benefit

analysis, the price Washington could impose if Managua decided to prohibit overt intervention was potentially too high.

Washington

in this way exercised a certain veto over Nicaraguan government efforts to distinguish between neutral foreign assistance for electoral processes and partisan political interference B.

CIA "Infrastructural Program"

and "Regional Programming"

Meanwhile, the United States simply ignored the assurances it had given Nicaraguan authorities on not carrying out covert CIA operations.

No sooner had the Nicaraguan electoral process opened in April 1989 than the CIA undertook its first of at least two

covert operations programs intended to influence its outcome.

The first program involved \$5 million dollars, and was carried out from April to September.

The monies went to defray what one intelligence official described as UNO "housekeeping" expenses - which means slush funds for salaries and pay-offs to opposition leaders.

How did the administration spend this money "legally"?

The operation was titled "infrastructural program," and it went, said one intelligence official, for "political infrastructure" and not for "campaigning".

Maybe because it was "legal," this covert activity caused little commotion in Washington. Yet the



place in exchange for acquiescence to the overt NED funding.

"I have absolute assurances from U.S. officials at the highest level, both in the Executive and Legislative branches," Carter told Ortega, "that there will be no covert funding from our government for opposition political parties or other purposes that would subvert the integrity of the Nicaraguan elections. " 9

However,

unclear.

Whether Carter was deceived by Bush officials, or deliberately manipulated, or for that matter whether he himself deceived the Nicaraguans, given to Nicaraguan authorities were meaningless, and it was not an issue of options for Nicaragua.

As we shall see below, the CIA carried out extensive operations throughout the electoral campaign. The United States never had any intention of renouncing CIA covert activities "in exchange and Nicaraguan acquiescence to, overt NED intervention.

The U.S. was waging war against Nicaragua.

It operated with the logic of war, which dictated that all effective weapons were brought to bear on the enemy.

congressional

assurances

approval

for"

is

the

of,

its

process,

subsequent

or attempts to place controls upon it,

Second, it placed Managua at a tremendous disadvantage in the battle for public opinion.

Since the Nicaraguan government had given its permission for foreign interference in the national this electoral intervention, lacked

coherence and consistency; 4Adversaries of 'U.S. intervention around the world were at a loss when they tried to denounce the U.S. electoral interference, since Washington needed only retort that it had been sanctioned by the Nicaraguan authorities themselves, that they were interfering legally.

Nicaragua lost the authority to condemn the U.S. for transgressing its sovereignty.

This moral authority had been crucial earlier in mobilizing international public opinion against the contra war.

This set a dangerous

precedent for an open interference of a superpower in a small country's internal political process.

denunciations

of

By having boxed Nicaraguan authorities into a corner in which electoral intervention became legitimized, U.S. officials could freely apply pressures on Nicaragua which in any other country would have been considered preposterous.

So much so that in

January 1990,

NED officials publicly threatened to mount an international campaign to discredit the elections if the Nicaraguan Central Bank continued "to delay" NED payments to the opposition m.

Even more, NED officials asked Jimmy Carter to intercede with Nicaraguan authorities to expedite these payments. Carter obliged.

"It is very important that a political decision be made at the top level of your government that funds approved by Congress in the Nicaragua election will be distributed without delay." Carter told Nicaraguan Vice President Sergio Ramirez in January 1990.

"As you

know, I obtained a commitment from highest authorities that there would be no covert

funding through CIA or other government channels.

I relayed the commitment from you and

President Ortega that overt funding would not be impeded. " â\200\234

In return,

The late 1970s

"Koreagate" scandal in the U. S. was sparked when it was discovered that several U.S. congressional electoral

preach war and destroy the family.â\200\234

Chamorro announced that she had opened an account at the Miami office of Merrill Lynch and Company for the Miami Committee, and said the group would help UNO with public relations in the U.S. and also raise funds among the exiles.

Chamorro knew absolutely nothing about the Committee until she was handed the press release in Miami. This press

a Washington public relations firm, The Carmen Group. This strategy of presenting UNO as the promoters of the Miami Committee allowed the U.S. role to remain undisclosed.

actually prepared by

In fact,

release was

and Max Hugel 47,

This firm was founded in 1982 by David Carmen, his father Gerald Carmen,

and brought together several former intelligence officials and conservative figures who became prominent during the Reagan administration.

Hugel, one of Ronald

Reagan's top campaign managers â\200\234i-\202 served briefly as Director of Operations of the CIA after Reagan's victoryâ\200\230â\200\235.

Both the Carmens

were senior Reagan associates, and Gerald Carmen was also a Senior Advisor to the Bush transition team in 1988.

Another top Carmen

a former Ambassador to the Group official was Carol Boyd Hallett, Bahamas m.

In November 1989, Bush appointed her Commissioner of the U.S. Customs Service.

The Carmen Group was a prime promoter of the contra war m.

The Carmens and Hugel were founding members of the group Citizens for America, set up at a White House ceremony in 1983.

Citizens

for America functioned as a quasi-governmental organization which played a key role in mobilizing congressional and public support for military aid to the contras, and in promoting Reagan's foreign policy agenda in general 52.

After the Iran-contra scandal,

Citizens for America became inoperative, and most of its staff moved to The Carmen Group. Operating out of their public relations firm, the Carmens and their staff made an easy transition from the contra to the electoral intervention project.

The Carmen Group took on the responsibility for supervising the work of the Committee for Free Elections and Democracy in Nicaragua, and for assuring that the Committee's functions would be synchronized with the overall electoral intervention project.

The

Carmen Group would direct the Miami Committee UNO public relations and the fundraising in the U.S.

But this activity would be

presented as the work of the Nicaraguan exiles. A working document which the Carmen Group circulated internally in September 1989

explains that "a sizable co-ordinating office, the Committee for Free Elections and Democracy

will have to be

developed and funded in Miami and funded for 5 months (sic)...A small support staff that will deal on a day-toâ\200\224day basis will be needed to co-ordinate press outreach and response, distribution of aid, donors relations and supervise budgetary implementation. This

office will have a full time staff of 4, plus a director and  
outside professional services. Expected costs (will be) \$275,000"

in Nicaragua,

members of Congress that had taken a keen

The Carmen Group also coordinated its work with several  
in the

interest

Geimer explains that "Black proposes to produce a Videotape (which will) speak about the evils of communism, and to disseminate the tapes in Nicaragua prior to the February election...we will of course provide him with access to Jamestown clients" 67. After evaluating the project, however, NED decided to send Black over to The Carmen Group for sponsorship.

In addition to financing the video, the Carmen's also assigned Black to assist the Miami Committee in preparing press communiques. Black worked together with the Nicaraguan radio journalist Alan Tefel, an UNO militant who ran a news program at the NED-funded station

"any significant operation in Nicaragua needs a strategic bridge to American and European public opinion" 230. The Black-Tefel-Carmen-Miami Committee circle also helped disseminate the CIA's blowback operation in the West German newspaper Frankfurter Allgemeine Zeitung

Corporacion.

explained:

69.

Radio

One

document

Money Laundering or Money Pocketing?

Not all went smoothly with the semi-clandestine U.S.

"private" fundraising for UNO in the United States. Rivalries between the different factions within the Nicaraguan opposition and lingering fears from the still-smoldering Iran-contra scandal hampered the effort.

In Managua, Chamorro's campaign advisors Alfredo Cesar and Antonio Lacayo had proposed to Ernesto Palazio, UNO's official representative in Washington, that he participate in the fund-raising efforts. They asked Palazio to take advantage of the broad contacts he had developed among wealthy conservative Americans during his tenure as contra spokesperson, and of his close ties to the State Department, to coordinate efforts with the Carmen Group and the Miami Committee.

The Carmen Group resented the prominence given to Palazio, who - they complained - had been accused earlier of embezzling funds raised privately for the Washington contra office.

In late December 1989, David Carmen wrote to UNO campaign chief Antonio Lacayo in Managua:

In our fundraising efforts on behalf of Mrs. Violeta Chamorro and the UNO, we have encountered a very disturbing and disruptive situation which we feel we must bring to your attention.

On several occasions, we have called potential donors and introduced ourselves as the official fundraiser committee for the UNO and Mrs. Chamorro. These people have then claimed that when they were in Managua and asked you how they could be helpful to the party and Mrs. Chamorro, you have referred them to Mr. Ernesto Palacios (sic) in Washington.

I know that we have discussed this problem in the past, but this referral has caused a direct loss of contributors among those people who vividly remember the Iran-Contra problem and have no desire to give to a cause represented by



a "mole"  
campaign papers.

into Carter's campaign staff who stole confidential

49.  
been engaged in illegal stockmarket dealings.

He was forced to resign after the press revealed that he had

50.  
In 1986, Hallet had been named Ambassador to the Bahamas, a  
post traditionally related to U.S. intelligence activities in the  
Caribbean  
transactions,  
including the kind of money laundering through the Bahamas that was  
revealed during the Iran/contra investigations.

clandestine

financial

andâ\200\231 to

Basin

Sofia,

51. Shortly after William Casey's death, Hugel worked with Casey's  
wife,  
in organizing a fund raising dinner in which 50  
percent of the monies went to cancer research, and the other 50  
percent, to the "Freedom Fighters Fund" set up by Casey's widow to  
continue "private" support to contra groups around the world. David  
Carmen was a senior staff adviser to the Reagan presidential  
campaign. Gerald Carmen was one of the Reagan administration's top  
100  
Permanent  
Representative to the United Nations in Geneva and Chief Executive  
Officer of the Federal Asset Disposition Association.  
For a  
see "The Carmen Group," in Covert Action Information  
summary,  
Bulletin, No. 34, Summer 1990, pg. 32.

officials,

serving

Reagan

under

as

U.S.

Among the Carmen group clients were the National Right to  
52.

On the day of the Grenada invasion the Reagan  
Work Committee.  
administration contracted Carmen Group for pro-invasion public  
diplomacy in U.S.  
Interestingly, Gerald Carmen led the Reagan  
transition team in 1981 at the Department of Housing and Urban  
Development (HUD), just before the multi-billion-dollar scandal got  
underway in the Department. David was an official at the Republican  
National Committee.  
See Carmen Group promotional brochures for  
these details.

53.

The 5 page document, titled "Budgetary Needs for the Committee for Free Elections and Democracy in Nicaragua" and dated September 15, 1989, was obtained from sources in Miami connected to UNO. Although the Carmen Group circulated the document, it is not clear who actually drafted it.

54.

For these details, see Miami Committee one page "Fact Sheet". The Committee's letterheads displayed a logotype of UNO on the left hand corner and Alvarado's name and address on the right hand.

55.

Letter on Carmen Group stationary, dated October 2, 1989. In different interviews with the author in October, November and December 1989, Both NED and Carmen Group officials denied the meeting had taken place, and that any coordination was going on between the two. In subsequent interviews in January 1989, after the Carmen Group's role became public, NED officials acceded that



launched an appeal for funding which Alvarado described as a "fund-raising marathon" that raised \$20,000.<sup>12</sup>

In late January, the Bush administration took the highly unusual decision to publicly request that the Democratic and the Republican Parties make direct, cash donations to the UNO electoral In campaign.  
a letter signed personally by George Bush and addressed to Chairmen of the Lee Atwater and Ronald Brown, Republican and the Democratic National Committees, respectively, the White House stated:

weeks.

of the campaign

In the crucial last.

UNO is funds needed for campaign rallies, desperately short of distributing campaign literature, While Congress has made money available for UNO through the NED, that money is limited. by NED's charter to institution-building expenses and cannot be used to defray campaign costs... I am asking your help to give UNO a chance...A joint contribution by both Parties to the UNO campaign would make an immediate as would individual contributions by your Party's members 5.

and media time.

difference

critical

moment,

this

at

Lee

party

Atwater

chairman

Republican

participated

in fundraising events for UNO. The Democratic Party chair, Ron Brown, declined formal endorsement. "Democrats do not believe that it is appropriate, proper or wise for our political parties to attempt to influence the outcome of elections in a foreign country," wrote Brown in a letter of response to Bush's request <sup>84</sup>.  
Brown's response clearly had more to do with tactical differences with the Republicans, Nicaraguan elections, considering that his party had only months earlier

approved the \$9 million NED package, \$5 million of which went directly to strengthen the opposition. Individual Democrats lent wholehearted support to the fund-raising efforts.

neutrality

visâ\200\224a-Vis

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Other Congressmen

if

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Nicaragua were their home district.

Republican from New York, raised some \$45,000 in cash for Chamorro.

Rep. Cass Ballengery a Republican from North Carolina, donated some \$10,000 worth of plastic bags, cups and banners to UNO as campaign "souvenirs" 5.

fundraising

Rep.

Amorty Houghton,

took up

drive

as

Secret Shipments

involved was

Another activity in which the Carmen Group and the Miami

Committee became

electoral

resources to the opposition in Nicaragua. In early October 1989, Carmen official Carol Boyd Hallett met with NED's Barbara Haig to discuss this. Afterwards, she wrote to Haig, thanking NED for resolving Carmen Group's "shipping dilemma"; i.e., the problem of how'to clandestinely send supplies to UNO so as to avoid Nicaraguan taxes and keep this funding secret. "Through your insight, it seems we have solved our problem," stated the letter, addressed also to

shipments

secret

of

20

Octavio was later implicated in drug trafficking out of Costa Rica to generate funds for use in the contra war. He was publicly questioned and chaired the subcommission that investigated the contra-drugs connection. For one inside account by an associate of Cesar, see Arturo Cruz, Jr., *Memoirs of a Counterrevolutionary* (New York: Doubleday, 1989) , pgs. 203-207.

Senator John

Kerry,

this

who

on

by

{Arturo Cruz, Jr., *Memoirs of a Counterrevolutionary* (New York: Cruz, Jr. had been recruited by the CIA

26.  
Doubleday), 1990, pg. 203.  
in the early 1980s to work with the contras.

27.

Ibid.

Martinez was expelled from Nicaragua in early January 1990,  
28.  
along with  
after U.S soldiers  
illegally entered and ransacked the residence of the Nicaraguan  
Ambassador in Panama City, in the days following the U.S. invasion  
of Panama.

20 other 'U.S.

diplomats,

some:

29. Arturo Cruz, Jr., *Memoirs of a Counterrevolutionary* (New York: Doubleday), 1990, pg. 192, 247.  
Cruz, Jr. had been recruited by  
the CIA in the early 1980s to work with the contras.

30.

See New York Times and Washington Post, June 11, 1988.

31.

This was told to the author by one top level opposition leader, who said that he decided not to accept the payment, and then later withdrew from UNO.

32.

As told to the authors by a source close to U.S. intelligence.

33.  
For details, see Ana Maria Ezcurra, *Agresion Ideologica Contra la Revolucion Sandinista* (Mexico, D.F.: Ediciones Nueva, 1984), pgs. 89-92, and Covert Action Information Bulletin (Washington, D.C.), No.

See also, Irene Selser, Cardenal  
Obando (Mexico, D.F.: Centro de Estudios Ecumenicos, 1989).

1981, pg.

18,

6.

34.  
Sociology of Religion," (Langley, Virigina,  
for Low Intensity Conflict, June 1989).

Antonio Ybarra-Rojas, "Liberation Theology and the Marxist  
Army-Air Force Center

35.  
State stationery,  
sources.

Letter dated March 20, 1989 on United States Department of  
provided to the author by Honduran Embassy

36.

This was reported by La Prensa in its July 6, 1989 edition.

37.

The pamphlet was reproduced in Barricada on 12 July 1989.

27

covertly

influencing

Much of Congress, the media and the U.S. public swallowed the bait.

Liberal Members of Congress condemned "CIA intervention," and then went ahead and approved the \$9 million for the NED in exchange for a loosely-worded agreement that the CIA would refrain from Nicaragua.

Similarly, a coalition of major human rights groups which lobbied fiercely against secret CIA electoral action tacitly endorsed overt intervention 4.

Lost in the covertâ\200\224versus--overt debate was any question as to whether, covert operations aside, the NED' s "overt" intervention was any more acceptable ethically, or any more legal vis- â\200\224vis international law and the principle of nonâ\200\224intervention in another nation' 5 internal affairs.

White House perception

management was able to obscure the unitary intentions of U.S. policy in both forms of intervention, and to misframe the issues as one of "overt aid" as an alternative to "covert aid."

elections

inside

the

Moreover,

the loosely-worded language of 'the legislation enacted by Congress merely stated that the CIA could not carry out covert activities aimed at influencing the voting inside Nicaragua. It did not prohibit CIA activities mounted from outside of Nicaragua's borders to influence the voting.

Nor did it prohibit

General CIA activities inside Nicaragua' 5 borders.

The political

haranguing over legislative language clearly involved subterfuge, since Congress and the administration allowed the CIA to continue covert operations against Nicaragua "legally" 5.

Many lawmakers

were opposed to admitted CIA involvement simply because they believed that the covert route would do more damage than good to the opposition in Nicaragua 6.

Nicaragua also fell into a trap set by the U. 8 government, perhaps the most serious of the "damned if you do, damned if you don't" situations imposed on it by U. S. intervention.

It took the

decision to make this intervention legally permissible, even though such interference is patently prohibited and criminally punishable in the United States and in most other countries in the world.

Yet at the

same time the Sandinista government â\200\230vociferously denounced "overt" NED actions as evidence that the U. S.

was

interfering in the electoral process (which it was) and that the opposition had been bought by Washington (which it had been).

only

after

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in  
the  
receiving  
assurances  
intervention

There are two aspects of this issue.

First, Managua :made its  
decision  
Bush  
administration and from Congress that if Nicaraguan authorities  
permitted overt intervention then the U. S. would refrain from  
covert  
million  
authorization, stated. Managua' s U. S. legal advisor, Paul Reichler,  
"gives the United States an opportunity to aid the opposition  
openly,  
7.

Nicaragua' s acquiescence to the \$9 million was secured in quiet  
negotiations between Managua and Washington, with former President  
Jimmy Carter, who headed an international observer team, as a go  
between.

In a mid--September 1989 visit to Managua, Carter,  
who himself came out publicly against CIA activities but endorsed  
"overt" aid to the opposition  
, transmitted Bush administration  
assurances to Daniel Ortega that no covert financing would take

it does not have to resort to covert means"

elections.

The

\$9

2

slush funds had a major impact on achieving opposition unity around the formation of UNO and the selection of candidates.

the

inside

actions

undermine

CIA

would

Nicaragua's  
integrity

In early October, Congress had approved the legislation that

"Covert

restricted

activities

upcoming

elections," beamed Joe Moakely, a Democrat from Massachusetts who,

as Chairman of the Rules Committee had been instrumental in

drafting the restrictions.

Moakley said he was pleased with the

assurances he had received from the administration that no such

activities would be undertaken

Just days later, President

Bush signed a finding authorizing the expenditure of \$6 million for

These funds were spent between October

the second CIA program.

1989 and the February voting.

So as to make it legal, it was

titled "regional programming" and. contemplated. numerous anti-

Sandinista covert actions outside of Nicaragua W.

borders.

of

the

16.

Among the aspects of the "regional programming" were:

\*

- A secret political training program in Costa Rica for UNO leaders. Latin Americans organized into CAD did most of the actual training;

\* - Payments to journalists and news outlets in Europe known for their anti-Sandinista sentiments, to travel to Nicaragua and write on the elections, or to publish articles from Europe that would reinforce the U.S. positions.

\* - Financing special programs on Radio Impacto, the contra radio that the CIA had set up years earlier in Costa Rica for the purpose of transmitting anti-Sandinista programming into Nicaragua.

In

accordance with the language-game, Radio Impacto was prohibited from using these funds to directly interview UNO candidates.

\* - Support programs for the contras in Honduras and Costa Rica, including programs to train contras to carry out armed electoral propaganda inside Nicaragua (see next Chapter).

of multi-million dollar bank accounts

Among the fruits of the CIA's European media operation was an article that the West German daily Frankfurter Allgemeine published in early January 1990 on alleged corruption in the FSLN and the supposed existence in

Switzerland, handled by Sandinista commanders.

The article was

written by the bureau chief of the newspaper's Bonn office, and cited "foreign intelligence" as the source of the information.

In

CIA language, these types of psychological operations are called "blowbacks."

"black

information," or simple lies, to little known or to third-country

In this way, the information itself first comes out

news outlets.

distanced from Washington.or from the country being targetedâ\200\234

Once

published, the U.S. press, or the press in the target country -

often quite unknowingly - reproduce the "news," giving it an aura

of credibility and influencing, as intended, the target audiences.

purpose

leak

CIA

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In the case of the Frankfurter Allgemeine article, Violeta Chamorro's La Prensa reported the "news from Bonn" on page one the day after it appeared in Germany, and then the following day translated and reproduced the article in its entirety.

Then, for

several days straight,

issue,

La IPrensa, editorialized. on 'the



the October meeting had taken place, but said it was just a discussion and that NED was not involved in The Carmen Group project. This assertion contradicted David Carmen, however, who admitted the two groups were working together.

Secret

Military

Contras

56.  
(Washington, D.C.: The National Security Archive, 1987), p. 226.  
Also, on the National Endowment for the Preservation of Liberty, see Robert Parry and Peter Kornbluh, "Iranâ\200\224Contra's Untold Story," Foreign Policy, No. 72, Fall 1988, for Fred Sacher and the NEPL.

Assistance

Iran

to

and

the

See Carmen.Group's Chamorro-tour documents, including the tour

57.  
budget.

58.

Ibid, tour documents.

Carmen's Tour documents. ibid.

59.  
The senior Carmen staff, in addition to helping get Violeta Chamorro elected, made a killing on the deal. George Wortly was paid \$12,000 for several weeks of lobbying at the State Department and in Congress.  
Carol Boyd  
Hallett, in her few weeks of work before being appointed by the Bush administration, got \$12,500 for Washington fundraising.

60. Letter from David Carmen to Fred Sacher on The Carmen Group stationary, dated February 16, 1990.

For these details,

61.  
see The Carmen Group documentation, including budget reports and an internal memorandum from David to Gerald Carmen, dated 18 January 1990.  
Another millionaire, Harry Lucas, gave \$10,000 for the UNO press project, according to 1/18/90 Carmen group fax to Miami committee.

62.  
author.

One of the invitees provided a copy of the invitation to the

Letter from David Carmen to Jeanne Kirkpatrick, dated 30

63.  
January 1990.

64.  
Afterâ\200\230Whittlesey left the OPL, she was appointed Ambassador to

Switzerland.â\200\224 the very same year the secret accounts were set up in that country to funnel money to the contras and other of North's "Enterprise" ventures.

65. Carmen group budget documents, op Cit.

See:

66.

The SDV Who Got Away (New York: Random House,1988), pg. 237; Foreign Intelligence Literarv Scene, January 1986, pg. 3.

Wise,

D.,

30

"Ayuda Memoria, 22 September 1989", an internal Nicaraguan

12.

President Ortega's

Foreign Ministry evaluation submitted to the

Office on Carter's mid-September visit and his September 22 letter.

There was a third aspect:

13.

the Sandinistas's reasoning was

that, instead of blocking U.S. interference, it would be best to

document and denounce, before the electorate, blatant U.S. tutelage of the opposition.

However, as I analyze in chapter 7, the issue

was more complex and the effort backfired.

14. Newsweek (September 24, 1989) first reported on the \$5 million CIA program, and then gave additional details in its October 9, 1989 edition.

The author obtained further information from a

source close to U.S. intelligence, as well as from several UNO leaders.

Also, see COHA, "News and Analysis, March 1990.

15.

Newsweek, *ibid.*

16.

New York Times, 4 October 1989

17.

Newsweek reported on this program in its 12 March 1990

edition. The author obtained further details in interviews with sources close to U.S. intelligence and with UNO leaders.

18.

See, for instance, La Prensa, 7 January 1990.

19.

11 by the West German Embassy in Managua.

The statement was distributed as a press communique on January

20.

Alfredo Cesar, see *Envio*, June 1989.

August 1989.

This was reported by contra (and later opposition) leader

Also see Washington Post, 4

contra rivalries,

21.

These meeting and related events regarding the closing of the contra offices,

and contra-State Department

disputes, were widely reported in the U.S. media.

Among other

reports, see The Washington Post, July 18 and 28, 1989; The New York Times, 18 July 1989, The Washington Times, 17 July 1989, The Miami Herald, 18 July 1989, 6 June 1989; The Wall Street Journal, 17 July 1989; Los Angeles Times, 8 June 1989.

Some \$200,000 in

State Department political subsidies for the U.S. offices was redirected towards getting contra leaders back into Managua.

22.

September 1989.

For details, see Washington Post, 2 September 1989, and 7

23.

Ibid.

24.

D.C.

Author's interview with Palazzo, December 1989, Washington,

26

Haig. "I am currently working with Senator Bob Graham. His office gas assured me they will see that the cargo arrives in Nicaragua"

Senator

but

one

of

Bob

Graham's

office

was

numerous

clandestine channels for UNO shipments to Nicaragua. Other freight was shipped in crates from Miami freight companies to Costa Rica, and from there sent secretly overland into Nicaragua for unloading.

Receipts

shipping

transactions indicate,

that the "Faith Freight

Forwarding Corp" of Miami, sent out a 20 foot crate to Puerto

Limon, Costa Rica's Caribbean Coast port, on December 19, under the

name of Pedro Joaquin Chamorro Jr., who is Violeta Chamorro's son

and a former member of the contra directorate.

for instance,

documenting

internal

and

letters

these

According to the receipts, the crate contained, among other items, a 162 lb. box sent by Creative Marketing Ideas, and 5426 lbs. worth of UNO campaign posters and other materials produced by "American Photo Inc." in Miami, including 12,500 plastic glasses, 200,000 plastic bags, and 100,000 plastic UNO flags - precisely the campaign materials detailed in The Carmen Group strategy document. Roberto Faith, a Costa Rican citizen residing in Miami who at the time was also working with another outfit funding by the NED N) sent a FAX to UNO headquarters in Managua on December 20, addressed to Chamorro Jr.

Faith ran a shipping concern out of Miami called the Faith Forwarding Corp. The FAX stated:

"I'm sending you a copy of 'loading Guide No. 003944' which describes the contents of the load that left on December 19 and should arrive at PMerto Limon on December 24. From there it will be taken to San Jose and sent overland to Managua. I have also sent a FAX copy of this project to Mr. Richard Beck of Atlas Electricas in Costa Rica, who will help in shipment from San Jose to Managua. My office in San Jose, which has a lot of experience, will also cooperate in this endeavor".

Another Carmen Group "consultant" hired for the Nicaragua project was former Republican Congressman George Wortley, who had sat on the Banking and Finance Committees. Wortley was paid \$6500 by the Miami Committee for "services rendered" which sources from

the Committee defined as "confidential services". At the same time as he provided these undisclosed services to the Miami group, Wortley was also a consultant for "Financial Institution Services Corporation of Washington D.C., an outlet that served as an intermediary for the financial transactions of Alvarado's security firm, AIBC Financial Corp &K

Meanwhile, the National Republican Institute for International Affairs (NRI) also coordinated activities with the Miami Committee. NRI Director Keith Schuette personally oversaw the production in Miami of UNO campaign propaganda, even though the NED charter expressly prohibited such activity. Schuette contracted the Miami printing company "Creative Marketing Ideas", at 4075 SW 83rd

38.

For instance, the trade unions should instigate "multiply crises in public and private production and service units", promote the demand for "automatic wage hikes in accordance with inflation" and for the "demobilization of the Sandinista army."

11 July 1989 State Department declaration, read by Spokesman

39.

"Professor Tony

Richard Boucher at State's daily press briefing.

Ybarra"

was "a representative of

Freedom House, a respected independent human rights organization.

Mr. Ybarra had been in Nicaragua observing the electoral process."

said the declaration,

(sic)

40.

November 1987.

,Author's

interview with Philip .Agee,

Washington,

D.C.,

Independent Liberal Party

41.

representative in Miami,

Enrique Gabuardi, gave the authors a detailed description of this Miami infighting in the 1988-89 period, in an interview on January 4, 1990.

(PLI)

42.

The background on Alvarado, the AIBC Financial Corporation and its role in contra money laundering, was provided by several sources,

former contra money

launderer in Honduras who had a falling out with the contras in 1987 and moved to Miami, and confidential legal and journalist sources in Miami.

among them, by Alberto Suir,

a

43.

The NED and the State Department would later set up a "Nicaragua Task Force" to coordinate inter-agency activity in Washington around the NED programs (see chapter 3).

44.

The office building was at 1390 Brickwell Avenue. In 1990, Jeb and his Miami building would become embroiled in an Savings and Loans scandal. See Associated Press, 15 October 1990, and New York Times, 15 October 1990.

45. See "Fact Sheet" on the Committee distributed to journalists in Miami on September 15, 1989.

46.

Chamorro press conference at Bayfront Park, Miami, September 15, 1989.

Also see stories in The Miami Herald and Diario Las

Americas, 16 September 1989, and The New York Times, 19 September 1989.

47. It was first founded under the name "Carmen, Carmen and Hugel".

48.

Together with William Casey, he had directed an illicit, covert intelligence operation against the presidential campaign of Jimmy Carter in 1980.

,ASjpart of this operation, Hugel infiltrated



so taken by your extraordinary commitment, I bent over backwards to make sure you were not ripped off" â\200\234K

In mid-January, David Carmen and several of his staff met with Violeta Chamorro and Antonio Lacayo in Houston, during the UNO candidate's hospitalization in that city for knee treatment. Time was short, said Lacayo, telling Carmen that another half a million dollars in cash would be needed for the final phase of the campaign. Among the projects they discussed for this final phase was "an aggressive public relations campaign" run out of UNO headquarters in Managua. The purpose of the campaign, drawn up by Carmen, was to target the foreign correspondents in Managua. The Carmen Group and the Miami Committee had earlier assisted in running a "press center" attached to UNO headquarters which was upgraded for â\200\230this final jpublic  
Despite this annoyance with Carmen Group budgeting, Sacher donated another \$53,000 for this project, funds which were forwarded on to UNO in Managua â\200\234.

:relations effort.

of

and

Evie

Seymour

Holtzman,

the home

And although Violeta Chamorro could not be present, the Carmen Group organized a dinner in New York City on February 7 for 20 wealthy Republican couples, at \$5,000 per couple. The dinner, held at

featured Jeanne Kirkpatrick as the guest of honor. The invitations sent by David Carmen explained that "these elections can be the turning point in restoring that part of Central America to Democracy and, in my opinion, will set in motion the cure for Cuba and finally end the threat that we face down there....please join us for an interesting evening with Jeanne" Q.

The "press is not invited, nor welcome", assured David Carmen to Kirkpatrick and the other guests EX Among the invitees were former Reagan Chief of Staff Donald T. Regan, and Faith Whittlesey, former Co-Director of the White House Liaison Office, set up to run the Reagan administration's "public diplomacy" projects for Central American policy â\200\2343

Other guests were: Sofia Casey, the widow of former CIA Director William Casey; Holly Coors of the Coors Family, which had earlier donated millions of â\200\230

â\200\230whose, curriculum included positions with "Prodemca", "Nicaraguan Freedom Fund", and other right-wing groups that had, provided assistance to â\200\230the contras.

dollars. to â\200\230the. contras;

and. Bill Simon,

the

During

Institute.

elections  
the

In her presentation,

Nine days after the dinner,

Kirkpatrick appeared as the  
keynote speaker at a Capitol Hill conference titled "Elections in  
Nicaragua: Democracy or Deception" and convened by the ultra-right  
Kirkpatrick  
American Defense  
described  
the  
communists".  
minute UNO public  
relations video was shown, which painted Chamorno as the "Cory  
Aquino of Nicaragua" fighting "communism and totalitarianism". The  
video was produced by J.R. Black, for which he was paid \$12,000 by  
The Carmen Group 65. Black, who ran a shadowy operation called  
"International Media .Associates",  
had. been introduced to ZNED  
President Carl Gershman by William Geimer, the President of the  
Jamestown Foundation. Geimer and.his foundation have been linked to  
U.S. covert activities â\200\2345 In an introductory letter to Gershman,

orchestrated  
8

"farce  
an

conference,

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a

by

14

Nicaraguan campaign.

Among them Senator Bob Graham, who had put his staff to the task of shipping materials to UNO in Nicaragua, and Dante Fascell, a Florida congressman and one of the fathers of 'These people organized an "honorary steering committee of the NED.

prominent Americans" for the Miami Committee.

Among those on the

steering committee were: about two dozen members of Congress; the wife of the late CIA Director, Sofia Casey; President Bush's son Jeb; and Florida Governor Bob Martinez.

The Carmens registered the

Miami Committee with the U.S. Department of Justice as the "only organization

campaign

contributions in the United States" â\200\234.

sanctioned

receive

UNO

the

by

to

In October 1989,

Carmen officials met with NED's Deputy

Director of Programs, Barbara Haig, to discuss coordination of the Nicaragua

the

opportunities that lie ahead," stated David Carmen in a follow-up letter to Haig. "I am positive that together we'll bring about real change for democracy in Nicaragua" 5.

project

excited

about

with

NED.

are

"We

The Carmen Group's fundraising among wealthy conservatives differed little from the "private" fundraising efforts led by Oliver North and company in theâ\200\230mid-1980s

The main difference was

that the funds were not for the "freedom fighters" but for the "democratic opposition."

The same names, faces and the "private"

network of right-wing activists who came to power during the Reagan years and put into motion the Nicaraguan counterrevolution, cropped up again and again during the electoral intervention project.

The

Iranâ\200\224Contra crowd has not disappeared.

It made the passage, in

consonance with the Reagan to Bush transition, from the military to the

the

Sandinistas.

political

campaign

internal

terrain

against

the

in

One of Carmen Group's projects involved organizing a U.S. tour for Violeta Chamorro, for which Republican millionaire Fred Sacher In 1985, Sacher had made a \$305,000 donated \$145,000 dollars.

donation to the

for the Preservation of

Liberty", one of Oliver North's front groups, set up by Contragate accomplice Carl "Spitz" Channel.

Sacher's donation was deposited

in one of the secret Swiss bank accounts used to purchase black market arms for the contras 56.

Now, Sacher's donation to The

Carmen Group was to finance the Chamorro U.S. tour, which David Carmen baptized the "Sacher Project" W}

"National Endowment

Coast,

followed by nightly

The one-week tour was scheduled for mid-January, and involved daytime meetings with all the major print and television media on the East

dollars-per-plate

fundraising dinners in Boston, New York, Washington and Miami â\200\235u

The tour was cancelled at the last minute, after the UNO candidate broke her knee. Nevertheless, The Carmen Group's post-tour budget report indicates that despite the cancellation, \$95,000 of Sacher's donation was in fact spent, including \$15,000 paid to Gerald Carmen as "tour manager" â\200\235.

Upset that much of his donation was spent

even though Chamorro never came, Sacher called David Carmen to complain. Carmen responded: "I was deeply disturbed by your clear disappointment.

I know that everything we are doing for you is

valuable and tremendously worthwhile... As for your project, I was

\$1000

to print up UNO T-shirts, bumper stickers,

Avenue,  
and other

electoral paraphernalia. Creative Marketing Ideas was run by Luis Arguello, a Somocista businessman who left Nicaragua before the Revolution. "Thank you for your quick response on the printing of the T-shirts of our Nicaragua program," stated a letter from Schuette to Arguello. The letter specifies that the order was for \$17,632.00 worth of T-shirts, with the UNO campaign slogans UNO POR LA DEMOCRACIA (UNO for Democracy) and UNO SOMOS TODOS (UNO is everyone). It also states: "Please advise if this price includes tax,

in this  
operation NED not only secretly violated the prohibitions on providing direct campaign paraphernalia to UNO, but also the regulations guiding its tax-exempt status.

as we are a tax-exempt organization" 89.

Thus,

In UNO's relations with these U.S. patrons, there was never any question about who was in control.

Just as Lacayo was bawled out for having unilaterally authorized Palazio to raise funds, so too he was often informed, post facto, of decisions taken for UNO by U.S. agents.

For instance, on December 22, 1989, the U.S. daily USA Today ran a column on its editorial page which quoted Violeta Chamorro affirming that "the Americas are unified in the spirit and desire for democracy, freedom, and entrepreneurship."

On the same day, David Carmen's personal aide, Cynthia, faxed a copy of the article to Lacayo. USA Today had "wanted to get a quote from Dona Violeta with her feelings on the subject", she explained in the fax. "You were unavailable so David and I made up the quote" W

The U.S. strategists took the decision to make the spending of the \$9 million highly visible and separate from other U.S. funding. Among other objectives, this would deflect attention away from clandestine and semi-clandestine spending through other channels.

U.S.

Embassy

An internal NRI memorandum recounted a meeting at the State Department on January 12, 1990, some six weeks before the voting, between representatives from several of the NED groups, including NDI and NRI, David Jessup from AIFLD, and Valentine Martinez, from the State

Department's Nicaragua team.

The meeting was called to discuss the funding operations. During the meeting, Roger Noriega, who did AID's public relations work for the \$9 million, proposed "getting out in front of the press and circumventing sending money to IPCE through the Nicaraguan Central Bank (as Nicaraguan laws required), and instead sent it through Florida". "We told him to keep the press at bay and forget about any Florida alternatives," recounted the NRI memo.

Managua,

the

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met

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of

Meanwhile, NRI drew up a list of 6 "possible options" for

sending money to UNO:

- "through the existing IPCE account in Miami;
  - send direct cash payments by courier;
  - seek Nicaraguan nationals with major holdings in U.S. who could offer cordobas in exchange for deposits to their U.S. accounts;
  - attempt to free up BCN (Nicaraguan Central Bank) dollar holdings in Panama, or arrange for other BCN access to dollars;
- â\200\224 apply political and public pressure to Nicaragua to comply with

was provided by the Rules and the Intelligence Committees of the House  
CIA  
a  
restrictions.

description

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"Legally" by this definition merely means in accordance with Congressional stipulations.

There is an enormous gap between what is "legal" in accordance with legislation set by the United States Congress, and what is legal in accordance with international law. There is also little correlation with what is "legal" and what is moral. Congress passed \$100 million in contra military aid in June 1986, so the slaughter of thousands of Nicaraguans with those funds was, by the perverted logical of U. S. lawmakers, "legal".

But when

the contras slaughtered Nicaraguans with funds supplied secretly by Oliver North, these killings were "illegal".

See,

for example,

6.  
Nicaragua: Choices for Congress on Covert and Overt Aid,"  
Preview,  
Foreign Policy Caucus.

Efforts to Promote Democracy in  
Issue  
issued by Congress' Arms Control and

3 August 1989,

"U.S.

7.

New York Times, 25 April, 1989

8.  
Carter made this endorsement in comments to reporters after meeting with George Bush in the White House on September 21, 1989. On another occasion, Carter said he personally believed that the \$9 million amount was "excessive." He stated this in private meetings at a symposium organized by The Carter Center at Emory University in Atlanta on November 14, 1989, titled "The Nicaraguan Elections: A Turning Point?".

9.  
Stated in a September 22, 1989 letter from Jimmy Carter to Daniel Ortega, as a follow up to their mid-September meetings in Managua.  
The letter was provided to the author by aides to then-President Ortega.

dated.

(there is)

10.  
 Brian Atwood and Keith Schuette, Presidents of NDI and NRI,  
 respectively, sent a letter to Nicaragua's Deputy Foreign Minister,  
 Victor Hugo Tinoco,  
 and a warning that  
 "despite the assurances given to us... we are seriously concerned  
 that  
 in NED payments to the  
 opposition through the Nicaraguan Central  
 "This will  
 seriously undermine Nicaraguan and international confidence in the  
 electoral system."  
 The author attended the public portion of the  
 January 15 NED board meeting in Washington  
 where NED  
 officials  
 international  
 campaign.

a pattern of delay"

discussed the

a possible

.January

letter

Bank.

1990,

D. C.

and

11.  
 Sergio Ramirez.

January 22, 1990 letter from Jimmy Carter to Vice President



Institute for Electoral Promotion and Training (IPCE).

Paid IPCE

staff would include 72 "Deputy Directors" around the country, 108 432 "Department Heads," 540 "coordinators," and "Supervisors", 15,300 "Verifiers" m.

The 15,000 people from this latter category alone was to be paid a daily stipend of \$4 day for their work, amounting to \$60,000 for each day that the Verifiers were employed. Exactly how much of the Carmen budget categories were actually fulfilled, or what percentage of these categories was handled by Carmen and what percentage passed through other Channels, is not known.

It is clear, however, that the specific spending called for in the document was actually carried out: UNO campaign workers gig receive their salaries.

The plastic cups, flags, bumper stickers, etc., gig arrive in Nicaragua, top level UNO representatives gig shuttle back and forth from Managua to different U.S. cities for "fund raising events", and the U.S. gig in fact pay for several foreign observer delegations, among other Carmen categories that were fulfilled.

The details of the Carmen Group budget overlap heavily with details of NED budgets and of UNO budgets.

Within a complex division of labor throughout the U.S. electoral intervention project, it would appear that NED assumed overall guidance of certain categories of spending, Carmen others, and the CIA or AID yet others. Much of the Carmen budget categories were distinct from the \$12.5 million that Congress appropriated, and which is traceable. NED's charter prohibited it from giving direct campaign aid to UNO, and from carrying out projects within the U.S. Thus, while NED took charge of public and "overt" funding to UNO and its auxiliary organizations in Nicaragua, The Carmen Group and the Miami Committee ran the public relations work in the U.S. and direct fund-raising for UNO. The monies and supplies raised for UNO by Carmen, in distinction to the NED funds, were sent secretly to Nicaragua and never reported to the Supreme Electoral Council, as Nicaraguan law required.

and the assistance of Carmen,

Throughout the electoral campaign,

Carmen Group President David Carmen admitted that his group raised at least \$600,000 for UNO campaign materials 80.

Other

Carmen documents indicated that close to a million dollars passed through the firm's hands.

Alvarado explained that the Miami Committee raised additional tens of thousands of dollars through local fund raising 81.

The Miami Committee, using local media outlets, the political infrastructure set up during the years of the contra war, NRI and other

entities based in Washington, carried out dozens of fund raising events.

the flow' of UNO

leaders to and from Miami was constant. For instance, on February 14, the Miami Committee brought UNO leader Francisco Mayorga, who would go on after the elections to become President of the Central to give a talk to "Nicaraguan American Businessmen and Bank,

Bankers" in Miami.

The businessmen presented him with \$8,000

afterwards for the purchase of 200,000 UNO stickers to take back to Managua.

For

instance, in November, Guillermo Potoy was interviewed on Miami's Channel 23, the local Univision station where Carlos Briceno had

worked.

As part of the program, hosts from the Miami Committee

Events such as these were near daily occurrences.

Houseq

INicaraguan immigration authorities decided at that point to cancel his visa.

The State Department condemned the cancellation as evidence that the Sandinistas were "harassing the press, the opposition, and international observers. "lâ\200\235

After UNO won the election, Ibarra returned to Nicaragua.

ZHis

Nicaraguan citizenship was restored and the new government named him Deputy Minister of the Presidency.

Managing the Opposition Campaign in the U.S.

CIA

funds

any number of institutions in Europe, Latin America and the United States - through foundations, kindred institutional groups, etc. There are millions of ways to get money into Nicaragua.

channeled through

can be

- a former CIA agent with 20 years experience in Latin America

The

electoral

project

intervention

transnational undertaking.

But Washington became the veritable command center.

The city of Miami, from U.S.

territory, became the staging point for the operatives, finances and materials involved in the electoral intervention project.

And

as in Central America, the task in Miami was not to create new structures,

but to transform â\200\230what was already a key contra political and logistical rearguard, into a functioning support system for the electoral effort.

the gateway to Latin America

was

a

In their August 1988 planning meeting at the State Department, U. S. officials examined the options for mounting operations out of Miami.

The participants discussed forming a "Committee for Free Elections and Democracy in Nicaragua. "

The objective of this

Committee would be to act as one of several liaisons between Washington and Managua.

As U. S. agents set about to form such an outfit in Miami, they ran up against problems in the changeover from contra to internal

opposition rearguard..

The contras did not want to demobilize or to lose their U. S. sources of funding and power.

Miami had been

invaded in 1979 by Somocista businessmen, politicians and National Guardsmen fleeing the revolutionary triumph.

These groups and the

CIA agents that ran the contra program gained great influence over the community of several hundred thousand Nicaraguans who came to settle in the City.

Many Nicaraguan power brokers in Miami

panicked at the realization that the pinata of the contra war was winding downd

Groups like the Nicaraguan, American. National

Foundation (NANF), run by the long--time contra leader and CIA agent Adolfo Calero, BoscoIMatamoros and Alvaro Rizo, complained bitterly

give MORE! (sic)..." The letter was signed by several members of the Miami Committee's "honorary board", including Jeb Bush, as well as by Republican Billionaire Donald Trump, and by Ron Brown and Lee Atwater, National Committees, respectively D.

Republican

Democratic

Chairs

and

the

of

After the letter had circulated, Brown denied that he had endorsed the Chamorro candidacy, and had his attorney release a statement asserting that "Brown does not participate in foreign elections"

the Democratic National Committee had approved the letter without Brown's authorization n.

According

Carmen,

David

aides

from

to

In.

Designing UNO's Electoral Campaign

The Carmen Group handled a curious combination of public and secret relations. It circulated a working document in September 1989 to the State Department, NED and other offices in Washington. The document provided strategic guidelines for the UNO electoral campaign, detailing a comprehensive strategy of political and psychological financial expenditures:

operations

PSYOPS),

(POLWAR

and

and

In order to counter what will most certainly be intense and well financed activity on the part of the Sandinistas, the opposition's campaign must and will take advantage of every hour between now and February 25th, election day...

The population must first be provided with incentives for wanting to attend the rallies. They are therefore fed at these events and given souvenirs of the rally which, in addition to giving them something to take home, also provides a feeling of

well being in contrast to the stark poverty in which they have been living under the existing regime. This has the added advantage of keeping the opposition ever present in their minds. Further, these people must be transported to and from the rallies.

Population mobilization and motivation requires resources for a full time organized activity by many campaign workers in the 16 geographic departments into which Nicaragua is divided. It the population and campaign staff in each district. Equipment, food and souvenirs must also be purchased.

transportation

requires

also

for

The document also detailed two phases of the opposition campaign. Phase I was to consist of "raising the consciousness of the Nicaraguans", and would raise the following themes among the population:

"Hunger, Misery, Obligatory Draft, i.e., the status quo versus Change Liberty and Employment."

Phase II "will consist

of the mechanics and reasons for voting for the opposition and will occur between December 1 and February 26."

This phase would

claiming that the "periodical is "one of the most respected. dailies in West Germany. "

. UNO activists turned "the discovering of high level Sandinista corruption" and "secret Swiss bank accounts" into a major electoral issue.

The commotion made by La Prensa and UNO reached such a pitch that, in a rare public commentary of such a nature, the West German Government released a statement in Bonn stating that "the reference to the Frankfurter Allgemeine Zeitung article, the Government of the Federal Republic of Germany has no information on the subject, but it is known that such information has for some time been promoted by sources in the United States, possibly by the same sources (mentioned) in the article. " w

#### Contras-Cum-Civic Leaders

Beyond these \$11 million, some of the CIA contingency funds going to the contra offices in Miami and Washington were also redirected to Civic opposition activities and the cultivation of so-called "agents of influence" for the electoral process.

The return of contra political leaders to Nicaraguan had to be financed and loyalties cemented.

The State Department played an active role in the return process.

The hard-liners there who had resisted the shift in U. S. policy had cleared out together with the departure of Elliot Abrams.

State Department officials shifted their support among the motley contra crowd from the military diehards to those more politically savvy, who would be able to take up the reigns of the civic struggle inside Nicaragua.

In February 1989, the State Department reduced its monthly payments to the contras' U.S. offices from \$800,000 to \$400,000, and then suspended the stipend altogether several months later. No Between February and July, State Department officials held a series of meetings with contra

from the Miami and

Washington offices to work out the restructuring.

The attenders, among them long-time contra leader Adolfo Calero, and the contras' U. S. spokesman Bosco Matamoros, were told that the U. S. offices would be permanently closed by the beginning of the electoral campaign and that the politicians should return to Managua. Leadership of contra troops - who had an important role to play in the elections - would be passed to the field commanders in Honduras (see chapter 7).

"The State Department has betrayed us, " charged a furious Calero.

#### representatives

In the first half of 1989, dozens of high-level contras returned to Managua to assume positions of leadership in the UNO campaign, including the industrialist Alfonso Robelo, who had spent many years as a director of different contra groups.

Robelo had close political and business ties to Costa Rican governing circles, including Oscar Arias.

After the UNO Victory he was appointed as Ambassador to Costa Rica.

Social Christian leader Azucena Ferrey and

Chamorro's

contra

Directorate members, also returned.

Violeta

former

son,

Pedro

Jr.,

both

The closure of the offices sparked fierce infighting over

6



DEMOCRACY OR INTERVENTION?

THE UNTOLD STORY OF U.S. INVOLVEMENT

IN THE NICARAGUAN ELECTIONS

BY: WILLIAM I ROBINSON,

WITH A PROLOGUE BY ALEJANDRO BENDANA

DRAFT: NOT FOR CIRCULATION

PLEASE DO NOT CITE

THE CIA, PUBLIC RELATIONS, SECRET RELATIONS,

AND MULTIPLE MONEY POTS:

CHAPTER 6:

It shall be unlawful for a foreign national directly or through any other person to make any contribution of money or other thing of value, or to promise expressly or impliedly to make any such contribution, in connection with an election to any' political office (n: with. any jprimary election, convention, or caucus held to select candidates for any political office, or for any person to solicit, accept, or receive any such contribution from a foreign national.

connection.

in.

- United States Public Law 94-283, Section 441-E

In the Fall of 1989, when the Bush administration submitted a request to Congress for a special \$9 million dollars in "electoral assistance" for Nicaragua, much of the attention in Washington focused on.a terse affirmation by one White House official that "we are not ruling out covert activities and CIA participation in this program" 1. said the official, wants to "preserve its power to conduct secret intelligence operations" aimed at influencing the Nicaraguan elections, and is considering providing "secret contributions or political guidance to opposition leaders" 2.

The administration,

This was a deliberate

Government officials do not normally'make such.public comments on covert actions.

aimed at

"perception management, "

a phrase which refers to the use of

psychological operations and media manipulation to control the way in which the public perceives an issue 3.

The administration' s

objective was to define the issue before the public eye as overt-versus--Covert intervention in Nicaragua; to counterpoise overt as the benign, and only, alternative to covert, and thus win support for it.

In this way, the administration kept the debate narrowly circumscribed.

"leak"



became well known after his activities in the Contragate scandal were exposed in Congressional investigations â\200\2353

Castillo was replaced in San Jose by Valentine Martinez, who became Cesar's case officer and CIA-BOS liaison.â\200\230 Martinez was later posted at the U.S. Embassy in Managua, in early 1989, shortly before the opening of the electoral process. As the contra political leaders began filtering back to Nicaragua, Martinez worked political structures, and at mitigating, with money and political pressures, the resentment that opposition leaders who had never left Managua felt against the returning contras an

integrating

opposition

them

into

at

the

The State Department, in its eternal search for a "moderate" contra who could win public and Congressional support for Nicaragua policy, discovered Cesar in 1987.

With his command of English, impeccable dress and understanding of the U.S. political system, the Stanford-educated Cesar became a master at charming the Washington crowd.

"He alone of the country's politicians was conversant with the new language, of the 1980s," said his associate.

"Cesar also sought out Oscar Arias and

His aim was to become the most

Speaker of the House Jim Wright.

attractive contra, the one genuinely interested in negotiation and compromise" â\200\235C and to build bridges with both the Democratic Party and the Republican White House.

the new vocabulary,

In 1987, Cesar became a member of the Directorate of the Nicaraguan Resistance.

This gave him a platform from which to negotiate the conditions for his return to Nicaragua.

During the contraâ\200\224Sandinista cease-fire negotiations of 1988, Cesar entered into secret, unilateral negotiations with Nicaraguan authorities over his return to Managua to participate in elections m.

As Cesar prepared his return to Nicaragua, he began shuttling back and forth between Guatemala, Caracas, Miami, San Jose and Washington, sometimes alone, sometimes in the company of other opposition leaders, and sometimes with CIA officers.

He reportedly

became the bag man for much of the CIA slush funds, and played an important role in setting up secret structures.

According to one

opposition leader, Cesar met individually with UNO leaders on one of his visits to Managua, accompanied by Guillermo Potoy of the Social Democratic Party.

To each one he offered a monthly stipend

of \$5,000 in cash from CIA slush funds, in exchange for discipline

around the UNO formation and program m.

One source explained that

the CIA was particularly pleased with Cesar's close relation to Chamorro.

This would assure easy manipulation of the presidential candidate. "We invested a lot of money in Cesar. We put him on the payroll. We turned him into a kind of 'Rasputin' 9."

refinery

Cesar developed a following of loyalists around himself.

In addition to Potoy, there was Danilo Lacayo, former manager of Exxon's Chamorro government's Minister of Information, and Carlos Hurtado, who went on to become Minister of Government. Cesar returned to Managua in June 1989 and became UNO campaign manager. Leaders who had never left the country to join the contras resented the influence of Cesar, whose ever-changing alliances had left him many an enemy. In

later became the

in Managua,

who

treatment in getting three phone lines within a matter of weeks!

94.

The FSLN was - and still is - the largest and best--organized political force in Nicaragua, and the only one with a national presence and a mass social base.

This meant not only tens of thousands of members and supporters organizing campaign activities around the country, but also contributions in domestic currency from a mass base of support.

Memorandum from Curtis Cutter,

95.

President of Internworld

Consultants Inc., to NDI Vice-President Ken Wallack, dated January 9, 1990.

For these statistics, see Latin America Studies Association

96.

(LASA)

"Electoral Democracy Under International Pressure," the Report of the LASA Commission to Observe the 1990 Nicaraguan Election, Pittsburgh, Pittsburgh, pg. 26.

March 15, 1990, LASA, University of

97.

Ibid.

98. Moreover, foreign supports of the FSLN were providing material assistance tx>aa home-grown, nationalist movement struggling for Nicaragua' 5 national identify, soveriegnty and self--determination. On the other hand, as we have seen with meticulous detail, UNO was, literally, a creation of the United States - organized, guided and financed by the U. S.

Jose

with

Antonio

The services payment to Wortley was confirmed in a phone  
88.

AIBC's

interview

transactions with "Financial Institution Services Corporation" were  
confirmed by sources close to the Miami Committee,  
who also

provided receipts to the author. Although Alvarado gave no clue as  
to why Wortley was paid so much for his services to the Committee,  
one wonders whether it had anything to do with money laundering for  
UNO, given Wortley's experience in banking and the earlier relation  
between AIBC and "Financial Institution Services Corporation".

Alvarado,

January

1990.

89. Letter from Schuette to Arguello, dated October 6, 1989.

90. A copy of the fax, dated 22 December 1989, was provided to the  
author by sources close to the Miami Committee.

91. Internal NRI memorandum, provided to the author by sources  
close to NED.

92.

memorandum, dated 22 December 1989.

for Financial Transfers,"

"Options

2-page

internal NRI

by

on

sent

story

Operating

correspondent

Nicaragua

Opposition

its

"Nicaraguan

93.

One example of how U.S. media reports distorted the issue is  
depicted in The Washington Post, 13 November 1989, which ran a  
Lee

frontâ\200\224page

titled

Hockstadter,

a

The Institute for Media Analysis, which sponsored a

Shoestring."

"Nicaragua Election Project," noted;

WThis (the shoestring budget)

was exemplified, according to the story, by the report that UNO's Managua headquarters only had a telephone by grace of tapping into a friendly neighbor's home.

Not only poverty was a factor, of

course, but, the article said, clearly the Sandinistas were denying the opposition even access to the telephone system.

Diligent

readers who went past the lurid first paragraphs could learn that, in fact, the government telephone company had just installed three new lines especially for UNO."

(See David MacMichael and Edgar

Chamorro, "Nicaragua Election Project, Pre-Election Final Report," February 1990, Institute for Media Analysis, New York.)

The "no

telephones for UNO" argument was also sent out by the AP wire service (November 12) and other U.S. media. Jeanne Kirkpatrick, on November 12, gave a speech in Blacksburg, Virginia, in which she repeated the argument, and claimed the "refusal" of the Sandinistas to supply the UNO offices with phones shows the Sandinistas did not intend to "allow a fair election."

In addition to the fact that

three phone lines were already being installed just for UNO, this propaganda argument ignored the fact that UNO was a coalition of 14 parties, and that each party also had its own offices in Managua, all with phone lines.

It also ignored that UNO's office had only

been opened in October -

just weeks U.S. press reports claimed the Sandinistas were denying the opposition phone lines.

In fact, one

normally is placed on a waiting list for several years in Managua before actually getting a phone line installed

Thus not only were

the U.S. reports distorted, but UNO actually received special

someone who they see as intimately connected to the Contras - probably due to a great deal of unfair publicity surrounding Ernesto.

Also, this confusion causes a loss of credibility and effectiveness on our part as the UNO' s official fundraising committee....

What we suggest is some direction from you that Ernesto work directly with Ambassador Carmen (Gerald Carmen) in a less upfront fashion, so that we can all present a unified front (sic)

.

On the same day as this letter was sent, David Carmen's personal assistant, Cynthia Lebrun, faxed a copy to Jose Antonio Alvarado in Miami, together with a cover letter in Spanish:

I am sending you a copy of the fax we sent to Tonio Lacayo today regarding the Ernesto affair, which you and I spoke of yesterday. As you can see, David used a moderate tone in his letter, but I want to warn you that we are very annoyed by the situation.

What David did not say to Tonio is that we fear that Ernesto' s reputation could prove detrimental to us... With Iran- contra and all the other problems that have come up, we certainly don't need this additional problem of Ernesto. We would like you and Tonio to tell us how this affair will be resolved. I also want to mention to you that Ernesto has told several people that he has already raised \$50,000 for the campaign. I hope that money has been forwarded to Managua ".

Whether or not Palazio sent the \$50,000 to UNO coffers in Managua is not known. But even if these funds were sent down, they were never reported to the Supreme Electoral Council, as Nicaraguan law had required. For that matter, none of the funds coming from the United States, "private" or "public" were reported to the Council, except for the official NED funds that came from Congress' \$9 million appropriation.

There were also problems in the efforts to enlist the support of Democrats in the "private" campaign fundraising. As part of its preparations for Chamorro' s January 1990 tour of the U. S.

The Carmen Group requested that the Democratic and the Republican National Committees jointly circulate a letter of support for the UNO candidate calling for campaign, donations from Americans. Staffers at the Republican National Committee drafted the letter: "Mrs. Chamorro will face Marxist--Leninist dictator Daniel Ortega in the first--ever free election to be held in Nicaragua. We are asking you to join with a diverse group of Americans, Republicans, Democrats, Liberals, Conservatives, Business Owners and Labor union Leaders to make an investment in Nicaraguan Democracy. We are asking you to give a minimum contribution of \$1, 000, but you can



and refused to cooperate with the efforts to reorient structures. Hard-line Somocistas, such as former National Guardsman Cristobal Mendoza, who had allegedly headed Somoza's Mano Blanco death squad, formed different Nicaraguan "exile committees" and even organized demonstrations against the electoral process, taking out adds on local as "traitorous" 4.

participation

opposition

condemning

stations

radio

Alvarado, a one-time

The Bush administration eventually found the ideal candidate, Jose Antonio Alvarado. Somoza diplomat and a business associate of Alfredo Cesar, ran an investment operation His outfit had been in Miami called AIBC Financial Corporation. used by the CIA in earlier years to launder contra funds. As an Hispanic securities broker, Alvarado had also been awarded several contracts under federal quota programs for minority businesses which were allegedly also used to send money secretly to the In the stormy months of late 1988 and early 1989, when contrasâ\200\230â\200\235. the contra. programl was ibeing' formed. the "Nicaraguan Civic Task Force" under the guidance of the CIA to regroup the Miami community around the internal political campaign and to stifle renegades resisting the Change 3.

shut. down,

â\200\230Alvarado

it?

it

will

How

will

function?"

administer

The Miami operation moved into high gear with the opening of the electoral process April 1989. In that month, NED officials met with Charge D'Affaires Leonard at the U.S. Embassy in Managua to discuss on-site strategy.

"What role for a Committee for Free Elections in Miami?" was one of the talking points on the agenda.

"Who

Shortly

afterwards, Alvarado's "Nicaragua Civio'Task.Force" was selected as the nucleus for the Miami liaison work. His group was renamed the "Committee for Free Elections and Democracy in Nicaragua".

The

Committee was given office space in a building owned by President Bush's son, Jeb, who became an "honorary member" of the its board (Jeb Bush purchased the building with loans from an S&L bank  
â\200\234.

that went insolvent.

As part of its bailout of the S&L Industry, the Federal government paid more than \$4 million to make good on Bush's loan.)

Alvarado gathered together a board of directors,

Pallais Debayle,

including:

Somoza's

former

Nicaraguan National Guard officer and business partner of Somoza;

and

family

newspaper, Novedades.

this

of

"professionals from the Nicaraguan exile community" who, together with UNO leaders in Managua, had taken the initiative to organize support among exiles for the opposition 45.

As part of the

deception, during her September 1989 visit to Miami the newly-nominated UNO presidential candidate, Violeta Chamorro, announced the official formation of the Committee as an initiative she

herself

the

Committee... because we need your help,"

stated the press release

she

completely

computerized, and we have nothing but our heart and our courage.

We need to unite our forces against these Marxistâ\200\224â\200\224Leninists who

Nadia Pallais,

undertaken

Sandinista

presented

Committee

the 'wife

of Luis

Publicly,

campaign

cousin

and

closest

advisor;

Carlos

Garcia,

director

as

a

group

of

Somoza's

decided

the

former

"I

have

Nicolas

Lopez,

to

set

up

read

from .

"The

had

â\200\230â\200\234.

was

11

is

the

following themes:

and

"emphasize

of

personalities,

expression, Prosperity and improvement of quality of life" 76.

These strategy guidelines also spoke of the importance of designing and producing the opposition's campaign materials, a task that what assumed in part by CAD, in part by other groups.

Candidate's values

employment

country,

Freedom

Full

The

for

the

A careful study of UNO's electoral campaign from September 1989 to February 25, 1990 reveals that this strategy was fully implemented. The themes it outlined were precisely those upon which the UNO campaign was based (see chapter 7).

Although it was not

clear who actually authored the document (whether it was drafted by Carmen Group officials or merely circulated by this group), a cursory reading left no doubt that it was prepared by professionals in intelligence and in POLWAR-PSYOPS.

The language of the document

is the same as that found in CIA and Pentagon manuals on political and psychological warfare. The CIA's "psychological Operations in Guerrilla Warfare", distributed in 1984 to the contras, stresses the importance of "unarmed propaganda" and defines it as the use of themes sensitive to the target population.

and.

flags,

bumperâ\200\234 stickers.

The document also presented a detailed budget,

including

funding for these two phases, overall electoral spending, monies for the Miami office, and other items.

It. budgeted \$709,500 in

"souvenirs" for Phase I, including UNO caps, T-shirts, plastic glasses,

forâ\200\231 an

additional \$1 million for more "souvenirs" and \$1.7 million in "salaries and equipment." Other budget categories were \$168,000.00 in travel for UNO members to Miami and other cities (among them, Houston, San Francisco, Los Angeles, New Orleans, and Washington D.C.), and \$320,000 for trips to Nicaragua by North and Latin American and European "observers".

The total UNO budget drawn up

in the document was \$4.3 million. Just days before this document was circulated, a group from UNO had been brought up to Washington by the NED to lobby for public U.S. assistance.

The budget they

presented to Congress was for \$4,453,732.

called.

Phase:

II

spread-sheet for'

The Carmen document allocated \$75,000 in salaries for 10,000 "junior campaign workers", and \$90,000 in "salaries for senior campaign staff". UNO headquarters did in fact prepare an internal payroll month, to month salaries during the electoral campaign. the payroll included hundreds of local and national UNO activists with monthly salaries ranging from \$500 for UNO's "National Electoral Control Chief", \$250 for regional and zonal campaign heads, \$150 for district campaign chiefs, \$60 for municipal heads, and between \$50-\$60 for UNO workers, Considering that this 'money' was paid every 200\230month. beginning as early as September and October 1989, UNO paid out hundreds of thousands of dollars in salaries 77.

And these figures are only for UNO employees; they do not include thousands of other individuals who were paid by the youth, women, civic and trade union groups of the "national civic front" m.

The \$9 million congressional appropriation for NED included thousands of dollars in salaries for a nation-wide staff from the

recorded as passing to the Council's "Fund for Democracy," in accordance with the electoral law.

"Thus," concluded the U.S.-

"although the FSLN

based Latin. American, Studies Association, campaign

received

considerably less cash than UNO" â\200\2351

appeared

UNO's,

cost

to

as

much

as

it

However, the crux of the issue is not a comparison of the quantity of external support for one or another political group, but external intervention in the electoral process.

Neither the

solidarity groups in Latin America, Europe and elsewhere that send

cash contributions or electoral paraphanelia to the FSLN, nor the

socialist countries â\200\230which,

apart from. the electoral process,

continued to supply economic assistance to Nicaragua as they had

done since the early 1980s, intervened in the process, imposing

their will on the Nicaraguan electorate â\200\234K

This was a contest between the Nicaraguan revolution and the United States; not a contest between the FSLN and UNO.

The

electoral "playing field" had been cast and shaped by the U.S.

during ten years of warfare, and further molded through electoral intervention.

Between 1979-1990, the U.S. mobilized and employed

against Nicaragua vastly superior technical, material, political,

and ideological resources â\200\224 in which.UNO and the resources supplied to it was but the latest anti-Sandinista instrument.

Indeed, this

was ngt a very level playing field; the United States had shaped

this playing field in

and enjoyed the

overwhelming advantage on it.

How U.S. strategists brought this

all together on a playing field in which they enjoyed overwhelming

advantage, is shown in the next chapter.

a decade of warfare,

1.

2.

The New York Times, 11 June 1989.

The New York Times, 11 June 1989.

3.

This term was first used by the Pentagon in a secret document, drafted in 1983 and later leaked to the press, which discussed the existence of a "program of perception management" for Central America.

See Robinson and Norsworthy, David and Goliath, Op. Cit.,  
pg. 36.

4.  
See letter of 6 September 1989 addressed to Speaker of the  
House Tom Foley and signed by leaders from Americas' Watch, the  
International Human Rights Law Group, the Washington Office on  
Latin America, and others.

The signatories made strong and quite  
laudable arguments against covert intervention.

The problem was  
that they adopted the terms of debate set by the U.S. government  
and thus lost sight of the unitary intentions of covert and overt  
intervention.

5.  
The stipulations restricting CIA activities was contained in  
the FY 1990 Intelligence Authorization Bill, which was legislation  
separate from that authorizing the \$9 million.

For details, see

"DSG Legislative Report,"

and

"Colloquy Between Chairman Beilenson and Chairman Moakley," which

5 October 1989,

on H.R.

2748-,

their commitments to UNO and NDI/NRIIA" â\200\235.

For Who was the Playing Field Not Level?

U.S.

As noted

in chapter three,

financing for UNO was justified as a "non-partisan" effort to "level the playing field." As this and previous chapters have shown that U.S. support for the anti-Sandinista forces went well beyond official NED funding.

Yet

part of U.S. tactics was precisely to paint UNO internationally as the "destitute David" against the Sandinista Goliath.

This notion

not only helped inculcate an imagined reversal of reality - the Nicaraguan David against the U.S. Goliath - but also justified for public opinion this unprecedented U.S. involvement in a sovereign nation's

as projected by the Bush administration and in U.S. press reports, was an integral part of a public relations campaign for consumption in the U.S. and internationally, with little or no correspondence to reality in Nicaragua %.

resources,"

electoral

process.

UNO's

"lack

of

An apparently more austere campaign on the part of UNO had little to do with less resources or an uneven "playing field." Rather, it was a reflection of the Sandinistas' ability to organize and project a mass base in stark contrast to UNO's lack of a nation-wide base and inability to mobilize the population â\200\2343

In

NDI contracted the consulting firm

1989,

late

Interworld

campaign.

Interworld's president, Curtis Cutter, after a trip to Managua,

"The FSLN has a well-organized

reported in an internal memo:

campaign (in contrast to) UNO's lacksidaisical performance.

If

this situation continues much longer an impression will be created that UNO does not represent a significant force...The impact of this on the elections could be significant"

for

Consultants,

instance,

assess

Inc.,

UNO



the

to

Even if the issue is reduced to one of dollar-for-dollar spending, it is not at all clear that the FSLN actually received more external support than its opposition.

As noted, \$7.7 million

of the \$9 million NED package went to UNO and its affiliated civic, labor and press groups.

In addition, the CIA spent at least \$11

million directly and indirectly for the UNO campaign.

in: this

\$18.7 million must be added all those funds that flowed in to coffers of the UNO or the pockets of its leaders through the channels analyzed in this chapter, which could well number into millions of dollars (the actual amounts will probably never be known). For its part, the FSLN reported to the Supreme Electoral

Council

that

in

contributions of material aid and slightly more than \$400,000 in cash contributions from abroad.

The material contributions,

according to CSE records, included more than 100,000 T-shirts from

Mexican, Colombian, and Spanish solidarity organizations, 190,000

posters from French political groups and 200,000 baseball caps from

Vietnam

If fifty percent of the FSLN's cash contributions were

\$3,017,085

received

million

total

of

it

a

23

.Among' other â\200\230U.S.-funded. budgets â\200\230which

78.  
included. tens of  
thousands of dollars in salaries to UNO personnel, see "Nicaraguan  
Budget,"  
faxed by Antonio Lacayo to NDI's Keith Schuette on  
November 6, 1989, and "UNO Budget - 8/25/89 - 02/25/90", circulated  
by UNO representatives in Managua, and in Washington in their  
September 1989.

79.  
Summary Proposal, Nicaragua: Supporting Democratic Process",  
NDI document on the program provided to Congress, dated 5 December  
1989.

80.

Author's phone interview with David Carmen, January 1990.

81.

Authors' phone interview with Alvarado, 30 January 1990.

Mayorga's talks was on January 14,

82.  
1990 at the Sheraton  
Brickwell, and the Univision program was on Sunday, November 12,  
according to phone interviews with Alvarado in December 1989 and  
January 1990.

83. The letter was dated January 24, 1990, and signed personally by  
George Bush. The White House Office of the Press Secretary made a  
copy available to journalists.

84.  
U.S.  
Magazine, May/June 1990.

Quoted in Jacqueline Sharkey, "Anatomy of an Election, How  
Money .Affected the Outcome  
Common Cause

in. Nicaragua",

85.  
Cited in Jacqueline Sharkey, "Anatomy of an Election, Howâ\200\230U.S.  
Money Affected the Outcome in Nicaragua", Common Cause Magazine,  
May/June 1990.

86.  
Letter on Carmen stationery from Carol Hallet to Barbara Haig,  
dated October 4, 1989 and supplied to the authors from sources  
close to NED. Senator Bob Graham's office confirmed to the author  
that staffers were involved in shipping supplies to Nicaragua, but  
refused to go into details.

87.  
The FAX explains that Roberto Faith is the Chairman of the  
"Calderon Committee in Miami". Rafael Angel Calderon of Costa  
Rica's United Social Christian Party won the February elections in  
Costa Rica. During 1988 and 1989, his party's political foundation  
- the Association for the Defense of Liberty and Democracy in Costa  
rican - received nearly \$500,000 dollars from NED. The National  
Liberation  
funds  
constituted a campaign contribution to Calderon as part of the  
effort to punish Arias for his role in the Central American peace  
process.

denounced

Party

that

of

Oscar

Arias

the

32

November, while Chamorro was travelling abroad, a majority in the UNO Political Council voted to remove him from the campaign.

Upon Chamorro's return, however, she immediately appointed him as her personal campaign manager.

Although born in Nicaragua,

One of those who accompanied Cesar in his regional travels was Ibarra was a U.S.

Antonio Ibarra.

citizen

He had worked in the anti-Sandinista cause with such far-flung rightist groups as the World Anti-Communist League and the Moonies.

Ibarra was particularly active in the Institute for Religion and Democracy (IRD), a group set up by conservative leader Michael

religious

tendencies in the U.S. and Latin America.

The IRD helped the

Reagan

around

"religious persecution" under the Sandinistas, and funneled monies to the anti-Sandinista Archbishop Miguel Obando y Bravo 5.

administration

progressive

propaganda

counteract

campaign

design

Novak

1981

to

in

a

In 1989, Ibarra presented a study to the Army-Air Force Center for Low Intensity Conflict in Langley, Virginia, on the threat of liberation theology and Marxism in Latin America.

The study

condemned the movements in Latin America known as liberation theology, or the "Church of the poor," as "an adoption of the Marxist interpretation of Christianity", which in Nicaragua has meant being "an accomplice of the torture and genocide" practiced by the "Sandinista communist regime" â\200\234.

In

earlyâ\200\231 March,

the Director of the State Department's

Nicaraguan Coordination Office, Alfred Barr, provided Ibarra with a letter of introduction for the Honduran Consulate describing Ibarra as "an Advisor to the Nicaraguan Resistance."

Ibarra

"wishes to travel to Honduras on official Resistance business," it stated.

"We would appreciate your efforts to facilitate his travel"

Ibarra  
anti-  
Sandinista projects.

advised Freedom House

also

its

1â\200\235.

in

a

as

and

given

a visa

He was

accredited

In June 1989, Ibarra entered Nicaragua from Costa Rica on a U.S. passport and presented press credentials issued by Freedom House.

foreign  
correspondent.

In the following weeks he began organizing an electoral survey for La Prensa 36.

One of the documents he

distributed to La Prensa editors was a pamphlet he had prepared in Spanish for Freedom House, titled "Nicaragua: Model for Short Term Agitation and Propaganda" 3?.

The pamphlet recommended a "large scale program for social agitation" aimed at "modifying the conduct of the Nicaraguan people towards the electoral process."

The document provided basic data on Nicaragua's economic crisis; "these dismal

acutely suffering." The program will therefore involve opposition leaders from each sector - labor, political parties, and social groups.

It spelled out slogans and strategies for each of these sectors to "multiply daily conflicts among the most volatile sectors" and promote actions that "square off the urban population with the state machinery" m.

population

underscore

figures

that

the

is

In early July, Ibarra showed up at the offices of the Supreme Electoral Council to register as an electoral observer from Freedom



control of remaining assets.

In August, Ernesto Palazio, who worked as spokesman with the Washington office of the Nicaraguan Resistance was "fired" by Matamoros and stripped of his \$36,000 annual salary. Matamoros accused Palazio, who controlled the Washington bank accounts, of embezzling thousands of dollars. Matamoros presented cancelled Checkbooks showing that Palazio had been using a bank account set up to provide medical treatment for injured contras for his own personal expenses, including a \$700 reimbursement for tickets to President Bush's inauguration and life insurance premiums 3.

Palazio was one of the more moderate and astute of the He had allied with the pragmatists in the Inter-American contras.

Bureau at State.

"Palazio is operating under the assumption that his good relations with State Department officials made him

"Palazio is an asset of State."

'untouchable', "

Matamoros was gradually eclipsed by Palazio. At 2:00 A.M.

one

morning in September before closing the doors for the last time to the Nicaraguan Resistance office in Washington, Palazio brought in a moving crew to remove the archives, office furniture and other items and changed the locks to the offices 3

said Matamoros.

A few days later, Palazio was named La Prensa correspondent in Washington, and then later appointed "UNO representative" when the electoral campaign itself began.<sup>29</sup> Before, Palazio's job was to facilitate contra-administration relations in Washington; now it was to facilitate internal opposition-administration relations. After UNO triumphed in the February 1990 voting, Palazio remained in Washington; he was appointed by the Chamorro government as Ambassador to the United States.

in Nicaragua

The most important of the contras-cum-civic opposition leaders Ikazmui a handful of associates founded the was Alfredo Cesar.

after the

Social

Democratic

Party

Sandinista triumph.

In 1980 he was also appointed President of the Central Bank but resigned in 1981 and went into self-exile in Costa Rica.

There he worked for a while with the "ARDEâ\200\234 contra group.

In 1985 he formed the "Bloque ngstitor del Sur" (B08) together with his brother, Octaviano Cesar'

The BOS lobbied for support in

Costa Rica and among social democratic groups in South America.

Cesar developed a personal relationship with influential Venezuelan leader Carlos Andres Perez.

days

few

a

..

(literally

Cesar had an uncanny skill in forming and then breaking alliances with almost anyone, from the Sandinistas to the ruthless contra military commander Enrique Bermudez and Latin American social democratic leaders.

He was known in Managua as "Siete Cuchillos"

"the backstabber").

"He was capable of a rainbow of alliances; he could juggle a multitude of opposition Viewpoints while never appearing to hold more than one at a time," said one close associate of his. But the one alliance which Cesar sustained was with the CIA.

"The Cesars Octaviano) were being for their political activities by the CIA.

The CIA was happy to be doing business with Alfredo Cesar" â\200\235h

Cesar worked with the CIA station chief in San Jose, Tomas Castillo, whose real name, Joe Fernandez,

(Alfredo

knives",

funded

"seven

and

â\200\224

which

means