

FEDERAL BUREAU OF INVESTIGATION



July 7, 1989

Date:

FIELD OFFICE USE ONLY

1

Div. Int. Intelligence

To : Senator Edward Kennedy (FOR HIS EYES ONLY)
 Classification: TOP SECRET

Dear Senator: *

Per your oral request of 5 June, 1989, requesting a full report on the "Japanese/Singapore/New Zealand/Kentucky" connection, what follows is as complete and thorough investigation of any and all available files of the Bureau, as well as any TOP SECRET, Confidential, or personal files from the Department of Defense, The Central Intelligence Agency, The Departments of the Navy, Army, and Marine Corps, as well as "borrowed" micro-film records of the World War II Office of Strategic Services (OSS). If this TOP SECRET report were to be "leaked" in any portion, Senator, you understand that our agents, planted in the above agencies, would be exposed, and over 15 years work would be in total disarray. Due to the nature of the one common link in the total operation, which will be outlined, we have interpreted your request to include as full an in-depth investigation into the present assignment of Major General Robert L. Ferrera, as well as into his total work from 2 February, 1942, to present. That investigation is as complete as possible, given the total silence we have encountered whenever we have as much as mentioned his name.

During the tenure of Richard Helms as Director of the Central Intelligence Agency, decisions were made by the director, with implied approval of the Oval Office, to draft a blue-print and put into motion a plan by which the CIA could have as much funds as, and when, needed, without knowledge of Congress. This would accomplish the dual purpose of carrying out clandestine and covert operations without the "clearance" of the Congress, as well as avoid the necessity of having to request any extra funds, and thus, divulging the workings of any covert operations in progress or planned. Director Helms wrote a memo to the Oval Office (we intercepted) in which he stated, in part, ".....If Congress, or any other uninformed "do-gooders" ever become aware of this operation, this agency and its director will invoke the 1949 Central Intelligence Agency Act, which

FEDERAL BUREAU OF INVESTIGATION



Date: July 7, 1989

Div. Int. Intelligence

2

TOP SECRET REPORT-Senator Kennedy, E. (Continued)

exempts the CIA from all laws requiring the disclosure of...."functions", names, official titles, salaries, and numbers of personnel employed by the agency....." Using this as the cloak of legality, Director Helms put together a team of five top people.

The five experts picked were, General Edward Landsdale, who ran the CIA activities in Vietnam; William Colby, who was to be put in total command of the blue-print operation when enacted; George Bush, who asked and received approval to have his top aid, Richard Armitage be brought aboard, and Lt.Col. Robert Ferrera, a top CIA asset, who at the time was on an assignment in the Congo on the Patrice Lumumba situation.

Having secured the "implied" go-ahead, the five experts were called in and the task put forth to them. They were given a space of three days to solve the problem and come up with a viable solution. The five met in Washington D.C., and from there travelled to Langley Va.

Four of the five were hand-picked for their very special abilities and expertise: the fifth member of the group, Armitage, was brought along by George Bush as his personal "gopher". Bush was chosen for his knowledge of China and his war-time flying ability, as well as being "on the way up" within the CIA. General Landsdale was brought in because of his expertise as a top CIA asset, especially in breaking insurgencies, as he did with the Huks in the Philippines in the late fifties. William Colby was picked for his knowledge of South East Asia, and to command the operations first phase. Lt.Col. Ferrera was included because of his varied experience as a pilot, as well as his command of over a dozen languages and his position as founder of the Special Forces (Green Berets) and still, at that time, regarded as their unofficial commander in Vietnam. The five names were submitted to the "Godfather" of the CIA, John Foster Dulles, who gave the plan his total blessing.

The group met the deadline and came up with a plan that would be so



FEDERAL BUREAU OF INVESTIGATION

3

Date: July 7, 1989

Div. Int. Intelligence

TOP SECRET REPORT-Senator Kennedy, E. (Continued)

and large in scope, that if carried out to the most minute detail, wt would become simple by its mere complexity. The plan presented called for a second airline to be set up by the CIA (the first was "Flying Tigers"). This was done, and the airline was named "Overseas National Airline". This airline, suddenly, without yet having any aircraft, received the contracts for all civilian carrier and military cargo into the Pacific Rim and Southeast Asia. The master plan called for the CIA to enter into the drug smuggling business, in a total and complete fashion. Each of the five planners would have his own field to handle. Bush would be the secret head of ONA and handle all the shipping of the drugs under forged waybills. Armitage would be the "gopher" for the group and the intermediary with any "undesirables". General Landsdale would handle all the distribution network and collection services within the military in Vietnam. William Colby was to handle the setting up of all the man-power---from runners, peddlers, pushers, collectors, and so forth, as well as the elimination of any who might prove to be uncontrollable, be they American or Vietnamese. Lt.Col. Ferrera was to use his contacts in Latin America and in the middle-east, to obtain from various governments the needed drugs--heroin, cocaine, marihuana, LSD, etc. etc, as ordered by Colby. Bush was to handle the opium from China. The operation was given the name of "Eagle II", at the request of Ferrera, for he felt it would be lucky to have the same code as the "Eagle" project he had participated in when he was with the OSS.

Before the operation was really off the ground, Colby started his phase of elimination of dissidents, and he did so under the code name of "Phoenix Program". Colby became insane with his power and before he was finished with "Phoenix", over 20,000 "suspects" were executed and over 2,500 U.S. citizens were accused by Colby of being "collaborators", and they vanished. Helms attempted over and over again to have Colby eliminated, but found that it could not be done for copies of all plans, as well as secret recordings of all spoken at all of the meetins, were in safe-keeping some place as an insurance policy for Colby against Helms and Dulles. The fault for this fell on Armitage, for he was in charge of security for the meetings, etc. Helms found that he had to make an arrangement with Colby, calling for Colby to resign from the group and forever retain his "secrets". In exchange for the resignation by Colby, Helms, with the approval

FEDERAL BUREAU OF INVESTIGATION



Date: July 7, 1989

Div: Int. Intelligence

TOP SECRET REPORT-Senator Kennedy, E. (Continued)

of Dulles, promised Colby that he would, in the future, become the Director of the CIA. This promise was kept by Helms. Colby withdrew.

More problems were to be encountered in later years with George Bush and with his aid Richard Armitage. Bush, for his cooperation and silence was groomed for his present position, as well as becoming Director of the CIA. He was named CIA Director so as to increase the operation ten-fold. The only persons who did their job and asked for nothing in return were the two military CIA officers, General Landsdal and LtCol. Ferrera.

The plan was in full force when the United States government encountered continued opposition to its requests from the Japanese government ruling party. To put CIA controlled people in power, Bush personally picked an obscure party, formed in 1955, bankrupt and with very little membership, to back in the possible takeover of government. But the Liberal Democratic Party needed vast amount of funds to carry out their part. They had to "buy" the membership and the votes. It was decided to give to this obscure party all of the funds needed, and before they finally achieved power, a sum over 300 billion Japanese Yen had been funneled to them. This was carried out by LtCol. Ferrera, for he had a very special relationship with the first cousin of Emperor Hirohito, Prince Hiruko Watanabe, and thus the Colonel had an "open-door" to Japanese politicians and to the Diet.

That, in effect, Senator, is the start of the operation "Eagle II", which over time has now evolved into what you refer to as the "Japanese/Singapore/New Zealand/Kentucky" connection.

This connection came about in a rather strange manner, and were it not for unforeseen circumstances, there would not now be any such connection. There is a code name used in this regard, Senator, and that is "Studebaker". They have from time to time changed the code, but it is still spoken of as "Studebaker" by those in charge. As this report proceeds, Senator, you will see where all of the players fit into the puzzle:-----except in reference to anything pertaining

FEDERAL BUREAU OF INVESTIGATION



Date: July 7, 1989

Div. Int. Intelligence

TOP SECRET REPORT-Senator Kennedy, E. (Continued)

to LtCol. Ferrera (Now MajGen.). It is impossible to even get the agency or the Pentagon, or the Army, the Navy, the Marine Corps, or the Department of Defense to so much as admit to any such person possibly existing. We might add at this time that it is our supposition and strong suspicion the General Ferrera is now the top world-wide CIA "Free" Agent, in charge of all clandestine operations and if needed, assassinations. We have it on totally reliable authority that Ferrera is responsible only to the real director (and secret) of the CIA, Mr. Helms. We have taped conversations between Ferrera and the powerful Baron Phillippe duDaphne, as well as with Helms. It is impossible for us to divulge our methods in the securing of these conversations, Senator. General Ferrera is so deeply buried in secrecy that even those within the upper levels at the CIA confess to ever hearing of him. With our knowledge of the dozens of aliases used by the General, and with our total access to the computer information at the Agency, we have not been able to crack the one code word that would give us the knowledge we seek. Our most trusted agents within all agencies cannot unearth an iota of information on the General's true job, purpose, etc, or his present mission. All we have been able to gather of his present work is that he is "giving a helping hand to a wonderful maligned individual, one Marion Horn". This is an excerpt taken from a "top Secret" report by General Ferrera to then President RR. This report was given by Ferrera to the President in explaining why he (Ferrera) was turning down another star. If he accepted, he would receive another assignment, and Ferrera did not want to desert Horn. This relationship, that we feel is like that of a "father-son", has cost the General dearly, for the General is now on the very brink of total ruin financially. His military pay and his agency pay have been stopped as a result of Ferrera withdrawing from any and all assignments with both the military and the agency, until "My friend, J.R. collects all that is due him".

The amount in question, that now has been arranged to be given to Horn, totals 318 Billion J.Y., all from the sale of drugs to our service personnel. The profits, and the pay-offs have reached such proportions that Mr. Helms has ordered that all operations be terminated.

FEDERAL BUREAU OF INVESTIGATION



Date: July 7, 1989

Div.: Int. Intelligence

TOP SECRET REPORT-Senator Kennedy, E. (Continued)

Since the inception of "Eagle II" in 1966 to 1976, the original "Gang of Five" has gone in different directions. When, in 1973, Helms decided that he could better control international operations from outside the CIA instead as the actual Director, James R. Schlesinger was named for a brief period as Director, and then William Colby started to make loud noises about the promise that had been made to him, and as promised by Helms, Colby assumed the post of Director of the CIA, with Schlesinger being given another assignment. This was done in order to avoid any movement that would endanger the operation of "Eagle II". Colby remained until 1976. In 1976, the hand-picked new Director of the agency was George Bush, who served until 1977 only. This was not a very peaceful time for the agency, for during the seventies, the "puppet" of Helms, Prime Minister Kakuei Tanaka, was found with his hands in the cookie jar, making money on the side in the scandal involving Lockheed Aircraft Co. This was too close to all being made public, so Helms who in the meantime had formed a totally strong relationship with Baron Phillippe duDaphne, who represented the real capital of the world, the Rothschild empire, decided to stop operation "Eagle II", and start another clandestine money-making operation, and leave Japan. (Baron duDaphne, by the way of information, later took over complete control of the International Organisation, the "Organisation De Cooperation Et De Developpement Conomiques" (The Organization for Economic Cooperation and Development), headquartered on Rue Chardon-Lagache in Paris, France. This gave Helms and duDaphne complete control over any "development" operation in the world, and thus a carte-blanch for covert/ clandestine CIA operations. With Prime Minister Tanaka being forced to resign, the decision was reached to name George Bush to terminat "Eagle II" and to wash away any traces. For this, he was named Director of the CIA, so that he would have a clear way of doing away with any evidence. This, by the way has been done. This was accomplished, to a certain degree, prior to Governor Carter assuming the Presidency.

Part of the closing solution called for the return of the 318 Billion J.Y. to the CIA, or to whomsoever then Director Bush named as receipient. It was decided that a wealthy and loyal party member was to be found in Japan, one who would agree

FEDERAL BUREAU OF INVESTIGATION



Date: July 7, 1989

7
Div. Int. IntelligenceTOP SECRET REPORT-Senator Kennedy, E. (Continued)

to have his name entered into back-dated records as having been the individual who "loaned" the funds to the party. The only logical person was hand-picked by Prince Watanabe, Mr. Soichi Iizuka. Iizuka was a very respected multi-billionaire in Japan and totally loyal to the Royal family, thus he agreed. Now it was necessary to "wash" the funds, for they had to pass thru the Iizuka hands and back to whoever Director Bush designated. To do this, Iizuka suddenly found himself in the possession of Gold Certificates from the Japanese Treasury. With these, Iizuka was instructed to buy a Certificate of Time Deposit (No. 4051100-92), issued by the Mitsui Bank Ltd., Home Office, in Tokyo, Japan. The plan was for Iizuka to "sell" this certificate, and supposedly invest the monies in various countries, with the eventual "story" that all investments had proven to be losers. This was to allow the actual cash to be given to Bush's nominee.

The records that we have photograph copies of, from the top secret CIA files, show that Helms insisted on everything being done to perfection, without any possibility of a slip-up. Then went so far as to legitimize the Gold Certificates by having them registered with the proper international banking institutions, including the World Bank. The penchant for perfection caused that Iizuka work from 1977 until 1983, before the ideal "buyer" was found.

In the meantime, the Gang of Five had dispersed...Colby did become Director of the CIA, as did Bush shortly thereafter. Richard Armitage remained as the top personal aid to Bush, and has so followed him everywhere. General Landsdale retired after he suffered a "mysterious" and total memory loss. LtCol. Ferrera resigned from the operation when he discovered that the drugs were being given to U.S. servicemen, and not to the North Vietnamese or the Viet-Cong, as he had been led to believe. A contract by Dulles was put out on the Colonel, but a "leak" enabled the Colonel to defend himself. First the Colonel called upon his dear friend, Prince Watanabe, and informed him of what was transpiring. Then without any stop, the Colonel contacted other very close friends, such as the Baron Luis deMonchey, the Chief Justice of the World Court of Justice, as well as Baron Phillippe duDaphne, whom the Colonel had saved from the Nazi during the 01

FEDERAL BUREAU OF INVESTIGATION



8

Div: Int. Intelligence

Date: July 7, 1989

TOP SECRET REPORT- Senator Kennedy, E. (Continued)

mission for the OSS in WWII. As his last trump card, the Colonel called upon Baron Guy Rothschild, the head of the Rothschild banking family. The Colonel had been very instrumental in obtaining fake Nazi credentials for the Rothschilds, which enabled them to escape occupied France in 1943.....They owed him, and he collected. Helms also talked to Dulles to lift the contract, because of the pressure exerted by the cards Ferrera called into play, for as fate would have it, all, save Baron deMonchey, were in some form connected with the whole affair. Ferrera had, and still has, the reputation of being totally ruthless and without mercy when he feels that he has been betrayed, or when he feels one of his very few friends have been betrayed, but all that have ever known him state that the "word of Ferrera is without price". Helms obtained the word from Ferrera that with his oath, he would never divulge any part of the operation. Ferrera agreed, and went so far as to give them the solution to continued control over the Japanese government. The Colonel suggested that the CIA form a new company that would do all of its business in Japan, and have so much success that they would have money to "burn". This money would be used to give to individual politicians....not to the party. It was pointed out by the Colonel that by control of the individual, you control the party. Thus the birth of "Recruit".....and the control, to this day, of the individual and the party in Japan by the CIA.

All of this took a period of years, and it was not until after the Carter administration that any phase of the operation could be moved. When William Casey replaced Adm. Turner as Director of the CIA, the operation started again, and in 1983, November, the "perfect buyer" appeared. We want to point out here, Senator, that recent information has come to light that Armitage continued the operation by changing home bases, with the knowledge of Bush, but with the hands of Bush tied because of the information secreted by Armitage. We feel that certain steps are being taken to "eliminate" by "natural causes" Armitage, and his secret partner, Sununu, of whom I have given to you the proof of his bi-sexuality.

The word was put out into the world financial circles that there was available, at a great discount, a certificate of deposit, in Yen, issued by the Mitsu Bank, Ltd. This brought hundreds of inquiries and offers to the dozen or

FEDERAL BUREAU OF INVESTIGATION



9

Div. Int. Intelligence

Date: July 7, 1989

TOP SECRET REPORT-Senator Kennedy, E. (Continued)

so "agents" that had knowledge of this very mysterious C.D. One of these second and third rung agents was somehow put in communication with a Mr. Marion Horn, Jr., a.k.a., J.R. Horn, from Kentucky, and thus began to unfold the Kentucky connection.

Mr. Horn was the first perfect "buyer" to be found, for the buyer wanted by Helms and duDaphne had to be one that had a past record of mixing in financial transactions in the "gray" zone. Never anything illegal, but yet, on the borderline. Mr. Horn, known as "J.R.", was perfect because he was the consummate entrepreneur, developing projects without having the financial backing. It would not do to have anyone well known within the international financial circles, for the press would delve into it fully. Mr. Horn and "Eagle II" seemed to be made for each other, and they met at the perfect time in history. The death of Eagle II and the birth of a buyer came about.

Mr. Horn proved to be exactly what all concerned needed. He managed to do the right things at the right time, including the validation of the original copy of the CD by the Consular Office at the U.S. Embassy in Japan, one Frances Lide. (She disappeared for a while, but within the last year the General located her in Canada). The audacity of Horn is brought out here by the wording by the Consular Official, Lide....."This is to confirm and certify that the above mentioned cash deposit certificate is issued by the Mitsui Bank, Limited., Head Office Japan.".....All of this statement was basically correct. But, what was showned as an "original copy" of the CD was just that a copy of a CD. Also present were two minor assistant managers with Mitsui....Elji Usuyama and Akira Mishima, and by Takashi Takahashi, of the hundreds of attorneys of Mitsui. All three were given the "go-ahead" by Mitsui to do what they did, and in exchange, if anything happened to any of them, their families were to be compensated with One Million U.S. dollars by the Japanese government. All three have met their deaths in an identical fashion at the exact same spot and time. Their families have received the funds.

It was during this phase of the operation that Helms realized he needed funds for the aid of the "Contras" in Nicaragua. The only solution was to continue

FEDERAL BUREAU OF INVESTIGATION



Date: July 7, 1989

Div.: Int. Intelligence

TOP SECRET REPORT-Senator Kennedy, E. (Continued)

the operation, only this time it had to be put under the control of Armitage, with the full knowledge of Bush, but not of President RR, nor of now Gen. Ferrera. Ferrera had to be kept in the dark because of his total aversion to the drug trade. He was assigned to other missions by the agency as a way to keep him in the dark. Lt. Colonel Oliver North was brought in to run the operation. History has now proven that Colonel North was no General Ferrera.

To avoid any risk, Helms had to stop the sale of the CD. Fortune smiled on Helms, for the Horn group did not follow the precise manner of cashing the instrument, trying to do it in a rather hap-hazard manner. This gave the door so Iizuka could be accused, along with the Horn people, of having "stolen" the CD, and thus, have all papers confiscated and everyone (except Iizuka, who was a participant with the government) be lost in jails in the Far East forever. No trace.....no records. This would have been successful, except that as yet unknown persons came to the aid of Horn and he was allowed to leave. The Mitsui Bank and the Japanese government officially declared the instrument to be a stolen "Blank" and thus a forgery, and on 21 November of 1983, all was confiscated from one John Burns and Horn. This was carried out by the Commercial Crime Division of the Singapore CID, by the Chief Inspector, Chai Yong sSong.....at least that is what the records that we have copied show. At this point, Senator, how much is fact and how much is fiction is hard to tell....But, we believe that the records in our possession pretty much prove that all is about as close to fact as is possible in something like this.

As we have stated before, mistakes have been made by the Helms people, but not as major as allowing Armitage to be in charge of the continuation of Eagle II. The name was changed for the new operation to "Golden Triangle", because none of the contacts established by General Ferrera for the purchase of the drugs could be used because the General would become aware of the situation, and thus he could blow the lid off the government participation. Again, present history now shows us that Armitage became the consummate double dealer, and the perfect "triple-crosser". We have documentation that we have bought showing

FEDERAL BUREAU OF INVESTIGATION



Date: 7 July, 1989

Div: Int. Intelligence

TOP SECRET REPORT-Senator Kennedy, E. (Continued)

that Helms and the CIA are in possession of all the proof needed on the actions by Armitage. This Bureau estimates that Armitage has amassed a sum in excess of one hundred billion dollars. Our agents within the Oval Office inform us that they suspect that Armitage has invested all in Gold, and that the gold is deposited in various countries of the Pacific Rim. We will try to obtain full confirmation on this for you, Senator.

Now, when all of the papers and documentation from Horn were given to Inspector Chai, by one John Burns, the Japanese government put all to one side, waiting for a future date to once again try the operation "clean-up". It was felt that at a future time, Mr. Marion Horn could again be used as the buyer, and thus the washer of the funds. We were constantly kept informed by our paid informant in the Far East, Mr. William Sim Meng Lyang, aka Bill Sim. Since that time, all concerned have been silenced in one manner or another, even to include a fringe player, one Fajr Hamid Pacha, now in Federal custody.

* All would have worked to perfection, but Mr. Marion Horn felt that he was in too deep, and he had to do something to keep the wolves off his back, so he started to move every rock in the hope that the action would enable him to keep his head above water. Mr. Horn used the bad judgement of entrusting a former agency man (on the lowest ladder of the organization), who had been let go because of his mental instability and lack of trustworthiness, to "investigate" with the State department. This individual has proven to be of the perfect type to use as an informant, and we have so used him from time to time, to obtain information on all that Horn and his group are doing. We simply have people say to him that they are CIA agents and they need his help, and he spills. His name is John Binette, and the last known address in our files on him is listed as 60 Adams Street, Biddeford, Maine. This individual was assigned by Horn to visit State. The records at State show tha a John Binette did in fact visit, but he spoke only to a receptionist and to a guard, one Timothy Hamilton, no longer at State. Hamilton heard the saga, and without seeing any of the documentation to better guide Binette, stated that if Ms. Lide had attested to the validity of the CD then it must be real. Again, remember the wording on the consular validation. This was also followed by the filing of a claim against the United States

FEDERAL BUREAU OF INVESTIGATION



12

Div. Int. Intelligence

Date: July 7, 1989

TOP SECRET REPORT-Senator Kennedy, E. (Continued)

Department of State, seeking the return of the CD, as the rightful property of U.S. Mortgage and Trust Co., Inc. A very respected attorney here in Washington, and a personal friend of mine, Willard C. McBride, was obtained by Horn to render a legal opinion on this whole matter, and he, McBride, is fully convinced of the validity of the U.S. Mortgage claim. We are positive that McBride is unaware of the real truth of this matter, and also that all documentation no longer exists. Any "copies" in the possession of anyone can be claimed to be fakes.

Horn started to make too many waves and he enlisted the help of many influential individuals, including a friend of the Director of the Bureau, Mr. Alan Woolly. A decision was made, and that decision was that Marion Horn, Jr., and the U.S. Mortgage and Trust Co., had to be stopped, and to this end, the agency used our informant, Binette, as a tool to set up Mr. Horn, and in so doing, discredit Horn in the International financial community, by having Horn included in the "non-grata" book of Interpol and the World Banks. Until recently, Horn's name appeared in that book, but as of this report, we find that the name has totally been erased from new issues and all Interpol agencies and banks have been informed that it was an error to list Mr. Horn in the first place. (Senator Kennedy, this has the hand of Mr. Helms in it, for only he has the power to have this done world-wide).

As stated before, it was decided that Mr. Horn must be silenced, but without personal harm, for Helms felt that Horn actually believed he was within his rights. However, he had to be silenced, and the best manner of so doing was to fully discredit him. It was decided to bring in the General and tell him that this "J.R. HORN" was trying to cheat the government of the funds that were obtained by the Eagle II project, and the Mr. Horn was an agent of the Federal Bureau of Investigation. General Ferrera had to be used because he was the only link that was trusted by the powers in Singapore, under the leadership of Ed Ong, and by the powers in Japan. Ferrera agreed to personally get all of the information needed to "put Horn away", and for this it was arranged to have Horn and Ferrera meet. How this was finally accomplished, this Bureau has not been able to as yet confirm.

FEDERAL BUREAU OF INVESTIGATION



Date: July 7, 1989

Div. Int. Intelligence

13

TOP SECRET REPORT- Senator Kennedy, E. (Continued)

Ferrera started his investigation, using his world-wide contacts and private organization of intelligence, and during his findings he also started to discover the names of our agents within the CIA, as well as our agents in the U.S. Embassies abroad. He started to feed that information, along with the documentation, to a very good friend of his, William Casey, who had taken over the Agency from Adm. Turner in 1981. Per the orders of the former director, we set out to destroy any credibility that General Ferrera might have in this regard. We used paid informants and "runners" plus a plant, to attempt this. We forged the name of my friend, McBride, as well as other signatures and documents, in an attempt to show that the General was trying to sell the CD for his own personal gain, and that the General was not the "lily-white" patriot all thought him to be. We used three people in this respect, all of them former felons that had been aided back on their feet by Ferrera, thus, he trusted them. We paid for the transport to Kentucky to show the "evidence" to Horn. We have never been sure as to why this mission of ours failed, but it did, and the General doubled his efforts to "destroy" Horn, for now he was sure that Horn was using all means to get Ferrera off the case for the Bureau.

Now all took a turn in favor of Helms, duDaphne, Rothschild, and strange as it may seem, Marion Horn. This came about because Ferrera kept digging and digging, and the more he dug, the more he became convince that Horn was an innocent victim who had been used by the agency (which was true), and that Horn was as big a "Red, White and Blue" patriot as could be found. Ferrera was by now convinced that Horn was simply a super entrepenuer who had managed to out-hustle the hustlers. We have no idea, nor have we found any documentation that will show us why a hard-boiled General like Ferrera would suddenly look upon someone like Horn as a Son that had to be protected from the "mean guys", but that appears to be what has happened. We have copies of expenditures by Ferrera as well as his bank statements, that show us that he has used over half-million of his personal funds to buy gifts worth tens and tens of thousands of dollars and given them to people like Ed Ong, Baron deMonchey, 3 Prime Ministers of Japan, and others, such as the speaker of the House of Commons in England, telling them all that the gifts were sent to them by Marion Horn, thanking them for their efforts

FEDERAL BUREAU OF INVESTIGATION



Date: July 7, 1989

Div: Int. Intelligence

TOP SECRET REPORT- Senator Kennedy, E. (Continued)

in seeking out the truth and reaching a solution to the "Studebaker" matter. Ferrera in fact, did find the perfect solution that allowed all to save "FACE", wash the funds and pay Horn.

This matter has now been resolved, we are informed by Binette, and Horn is within weeks, if not days, of obtaining all of the funds...repeat...all of the funds from the CD, and Binette further informs us that all IRS taxes have been forgiven to a phony front trust, called "Five Star Trust", that has been set up as a cover for Horn. The Bureau has tried to investigate this, as well as investigate Horns' present workings, but as in the case of Ferrera, we have met with stone walls, and the orders have now come down directly from Justice and State that Horn and Ferrera are to be considered "untouchables", and all inquiries regarding them are to be stopped immediately, as well as all of the documentation in our files being shredded. This has been done, but we have not done so until this report was completed for you, Senator. There was a third name added to the "protected" list, that of the accountant for Mr. Horn, one William Clancy. In closing this part of the Studebaker report, we must sadly state that our main source of information, Binette, is so fearful now of the General that he has informed us that he will no longer cooperate with us, and that he will side with the General. It seems that the General ordered that a "fright" be put into Binette, in the form of a slight heart attack solution, and Binette feels that if he does not cooperate with Horn and the General, the attack will become fatal. He is probably correct. The man is truly a coward.

In the meantime, Casey had begun to look upon himself as a demi-god, and knowing that the agency had to have funds for Col. North, he started to get very careless. Files that we have obtained show that without consulting Helms, Casey set about establishing his own kingdom, with him as the emperor. He obtained help from the very depths of society, and put one Adler Berriman Seal in command of the drug road to obtain the funds for the North operation with the Contras. The agency had used Seal since 1981, as a contact man.

I PRESUME THIS SAYS SOMETHING LIKE...

"Ferrera's disdain ~~for~~ of the drug trade..."

cont. - came to the fore when ...

FEDERAL BUREAU OF INVESTIGATION



Date: July 7, 1989

Div. Int. Intelligence

15

TOP SECRET REPORT-Senator Kennedy, E. (Continued)

came to the fore when he inadvertently stepped on the toes of Casey and almost destroyed the Contra movement. The General got wind that a second rate hoodlum, once a member of the CIA, was involved in the importation of all drugs into the United States. It appears that Ferrera had some "spare" time on his hands, so he asked some of his friends to do something about "El Gordo". Seal. He did not know, and if he did know he did not care, that Adler Berriman Seal, El Gordo, was in fact working for Director Casey, and was responsible only to Casey, and that by asking that Seal be "fixed" he was risking the toppling of the money-machine for Col. North. Never-the-less, our tapes of phen conversations to the office of Director Casey show that General Ferrera informed him that he had information showing who the real leader of the drug cartel in the U.S. was, and that he wondered if he, Ferrera, would step on anyone's toes if he stopped that "fat son-of-a-bitch". Director Casey answered that no, he was not working for the Agency. Thirty seconds after the General concluded his call, Director Casey called Helms and informed him of the conversation. Helms was very upset with Casey, and ordered him to clean up his act or suffer the consequences. This order angered Casey, and he attempted to contact Seal, but he was not very successful. In the meantime, the Generals' men were successful.

On the evening of February 19, 1986, at precisely 6:00 P.M., Adler Berriman Seal got out of his White Cadillac in the parking lot of his favorite restaurant in Miami. The General had his men hiding behind a dumpster. Seal took no precautions, and he did not see the waiting men as he backed into a parking spot. The men approached, according to witnesses, the drivers side. There were two quick bursts from the silence equipped MAC-10 and from an UZI sub-machine gun. 96 bullets smashed into Seal's head and body. He was dead instantly. The Bureau has copies of all tapes of all conversations with Casey, as well as copies of all police reports.

Our documents show that as Director of the CIA, William J. Casey, without approval of Helms went into business with drug smugglers, allowing tons of narcotics to enter the country as a necessary cost of higher geo-political

FEDERAL BUREAU OF INVESTIGATION



Date: July 7, 1989

Div. Int. Intelligence

TOP SECRET REPORT-Senator Kennedy, E. (Continued)

OBJECTIVES. Our documents show further that Casey ordered the subordination of drug enforcement to the goal of overthrowing Nicaragua Sandinista government. Our information tells us that he allowed two Southern states to be used as major distribution points for Latin American narcotics, then he interfered with all attempts by local Police, and with our own FBI Agenst to eradicate the problem.

Adler Berriman Seal was the most important organizer, facilitator, and impresario of the partnership between the CIA and organized crime. Seal earned over thirty million as his share of the drug smuggling, but what he loved more than money was the fact that he knew that we could not touch him, nor could any other agency of the United States. He loved to play the role of the back-slapping good "old boy" from Baton Rouge, and he loved flying.

Seal first encountered General Ferrera in early 1972, when he attempted to make money by helping the organizations dedicated to overthrowing Fidel Castro. He emerged as a partner with one group with headquarters in Mexico. Seal agreed to smuggle seven tons of C-4 explosives to the Mexican base, from which General Ferrera was preparing to dispatch teams of saboteurs into Cuba. Ferrera had heard of Seal, and did not like him, so he had Seal arrested "for violating the neutrality act", and yet, the case against Seal was thrown out by the Court. It was with the help of the operative in the exile group, who were CIA assets. They needed the flying expertise of Seal, and also, he had become a favorite of Casey. Seal was given the funds to establish his aviation consultant business in Latin America, and he ran across William R. Reeves, whom we have in our files as a notorious narcotics trafficker who specialized in smuggling huge loads of marijuana from Colombia in the U.S. The CIA had full knowledge of Seal's total actions. He ran guns to the contras for Casey, and he always was found innocent of any accusations in the courts.

While all of this transpired, the CIA had to establish a connection with the king-pins of Columbian cocaine, for money was badly needed by North. Seal was ordered to make contact with the Medellin Cartel, and he was most successful in this. Pablo Escobar, Jorge Ochoa and Carlos Lehder wanted to smuggle in tons

FEDERAL BUREAU OF INVESTIGATION



17

Date: July 7, 1989

Div. Int. Intelligence

TOP SECRET REPORT- Senator Kennedy, E. (Continued)

of cocaine in single shipments, instead of hundreds of kilos by individual runners. Along came Seal with his airline, that in truth was the Casey airline. He established the perfect system for smuggling tons of cocaine...Now, Casey contacted a corrupt Colonel in the Panamanian Defense Forces, a Colonel that Casey had had on the CIA payroll. This Colonel was named Manuel Noriega, and he was the head of the Panamanian Defense Forces Intelligence Unit. Thus Noriega controlled a network of out of the way landing strips in Panama that he agreed to provide for the partners, Lehder and Seal. In return, Noriega was to receive a \$500,000.000 cash bribe plus a one percent cut of the value of every shipment that came through Panama. Additionally, Panamas banking laws would be used by the CIA to launder the Medellin drug profits, in return for another slice to Noriega. Finally, Casey had to agree to do all in his power to arm Noriega and clandestinely see that Noriegas' foes were eliminated so that Noriegas' ambitions to become President of Panama could be reached.

This whole operation was the brain child of CIA Director Casey. As Casey saw the problem, the Soviet Union was about to establish a Central American beachhead via the Sandinista government of Nicaragua. The only solution was to eliminate the Sandinista regime. Since an out-right American military invasion was out of the question, and since the only CIA man who was a personal acquaintance of Noriega was General Ferrera, and since General Ferrera would not agree to drug smuggling in the the U.S., Casey began to formulate plans for a covert paramilitary operation to accomplish the task. However, to do this, he needed Ferrera. Thus, he first tried to break Ferrera, by giving us fake information and planting fake records in various parts of the country, with the idea to offer to "clean it up", if Ferrera took command of the paramilitary group.

Essentially the plan was simple. Two groups of Nicaraguan exiles--one based in Honduras and the other in Costa Rica--would be armed and trained for a Guerilla war inside Nicaragua that would eventually topple the regime. The difficulty was that congress was extremely nervous about the operation and questions were being asked whether an American sponsored war was the right way to solve the

FEDERAL BUREAU OF INVESTIGATION



18

Date: July 7, 1989

Div. Int. Intelligence

TOP SECRET REPORT-Senator Kennedy, E. (Continued)

Nicaraguan problem. Congress was also about to cut off the money. *

To prepare for that eventuality, Casey decided on secret operations to keep the anti-sandinista forces, Contras, armed and supplied. With a need for strict secrecy in order to circumvent the law, Casey set about creating an operation that could not be traced back to the CIA. He copied the original guide-lines of the "Five", known as Eagle II, down to the very last period. The only difference was that the people in charge were not the qualified Five. Casey even went so far as to name the operation "Eagle", but when Helms heard rumors of an operation called "Eagle", he asked Armitage if he was involved. The answer was negative, but we intercepted a conversation between Armitage and Casey in which Casey was informed of the suspicions of Helms. Casey changed the name to "Black-Eagle". The operation proceeded through a Casey confidant, Micha Harare. Harare was the former head of operations in Central America for Mossad, Israelis' CIA. Harare was a man steeped in the darker arts of modern espionage. He often stated that the "Eagle, Ferrera", was the only man in the world that he feared, but that he was better than the Eagle because he could "pull the trigger". Beginning in 1972, Harare was a key operative for Mossad murder squads that rampaged throughout Europe, killing key Palestinian guerrillas believed to be responsible for the slaughter of Israeli athletes at the 1972 Summer Olympics in Munich. In 1975, Harare's hit team killed an innocent man in error, and Harare was exiled to Mexico City as Chief of Mossad's Central American Operations.

Harare left the Israeli intelligence service in 1978. In the interim, however, he had not only established close relations with the CIA, he had also forged important business contacts, among them Colonel Noriega of Panama, who had worked closely with Mossad.

While serving as Mossad asset, Harare went into the import-export business in Panama City. The link with his former agency was able to arrange twenty million worth of Israeli arms for the Panama military, plus Mossad training and Israeli made Uzi sub-machine guns for Noriega's intelligence operatives.

FEDERAL BUREAU OF INVESTIGATION



Date: July 7, 1989

Div: Int. Intelligence

19

TOP SECRET REPORT-Senator Kennedy, E. (Continued)

In return, Noriega was able to offer the Israelis the use of Panama...The Vienna of International intrigue in the Southern Hemisphere...as a conduit for embargoed arms to Israel.

When Casey sought out Harare in 1982 to help set up a covert contra support operation, the Israeli knew the perfect point man for the job...Noriega. He was now a General, and the most powerful man in Panama. At that point, Casey had been given secret intelligence reports gathered by the private "intelligence army" of General Ferrera, telling Casey, with proof, that Noriega was a full fledged drug trafficker, allowing Panama to be used as a narcotics trans-shipment point. The CIA could not allow this report from Ferrera to be seen, so Casey contacted Ferrera, and offered to make him his second in command in the Agency. Ferrera turned it down stating that he was going to commence to back off, so as to retire....later, we intercepted a conversation between Ferrera and Helms, in which Ferrera stated that when Casey offered him something that big, there must be a reason for it, so he turned it down. Ferrera had his own "mole" with the government of Panama, Dr. Hugo Spadafora, Panamas vice-minister of Health, under dictator Omar Torrijos, also a friend of the Generals. Following the "unexplained" death of Torrijos in a plane crash, Spadafora at first allied himself with Noriega, then learned from Ferrera that Noriega was playing all sides of the street and into drug smuggling. Spadafora found out that Noriega was being paid \$250,000 per year by Casey as an asset for the CIA, while at the same time he was providing information to Fidel Castro, and worse, NORIEGA WAS DEEPLY INVOLVED IN THE DRUG TRAFFIC into the United States. This Bureau has copies of all documentation to substantiate all information contained herein.

All of the above came to the attention of Helms, who did not know who was playing for whom. The only person that he felt placed the country above his personal gain was General Ferrera, so he enlisted the help of the General in digging everything out.

The General found out, with Spadafora, that as early as 1972 the CIA was aware that Noriega had been named in a Federal Drug enforcement report as a trafficker.

FEDERAL BUREAU OF INVESTIGATION



20

Div. Int. Intelligence

Date: July 7, 1989

TOP SECRET REPORT-Senator Kennedy, E. (Continued)

In 1976 this did not prevent CIA Director Gush from approving Noriegas' enrollment as a paid CIA asset...working directly for Armitage.

In 1977, a report detailing drug dealing by Noriega and other Panamanian Military officers was sent by General Ferrera to the White House, where it disappeared.

When Adm. Turner replaced Bush as CIA Director, he dropped Noriega from the Agency's payroll, but the Panamanian was restored to the Agency's good graces when the Reagan administration came into office. General Ferrera and Spadafora continued to complain to the CIA about Noriega until Noriega found out about it from Casey in 1985. Noriega had Spadafora tortured to death, then dumped his body in a U.S. mail sack and mailed it to General Ferrera in Mexico

City. This was Noriegas way of making a point. Ferrera, it is rumored, went under-cover, on his own, into Panama, and somehow made his way into the compound of General Noriega. There, in the General's own bedroom, General Ferrera is said to have accosted Noriega, bound him up and personally cut off the testes of Noriega. Then he stuffed the testes into Noriegas mouth. The bureau records the incident in its entirety, and the voices, with our hidden mikes, but somehow this whole documentation has disappeared from our vaults. The General injected Noriega with a full dose of Cocain and left him bound in a drug stuppor. It is believed this is the cause of Noriegas cocaine addiction. Noriega cannot inform anyone because he would have to tell all that he is not "Macho", and he lives in constant fear of Ferrera. He has even offered to make peace with Ferrera, but Ferrera has not paid attention to the overtures. Norieg, we have learned, revealed all about the Black Eagle operation to Castro.

This Bureau has raised the question of how much then V.P. Bush knew about the operation, especially Noriegas involvement. Our documentation is ambiguous, but a central fact is that Casey, concerned that the operation be as far removed from the CIA as possible, hit upon the idea of using the vice presidents office as a cover, arranging it via Bush's Chief of Staff, Donal Gregg, a former CIA officer.

FEDERAL BUREAU OF INVESTIGATION



Date: July 7, 1989

21

Div.: Int. Intelligence

TOP SECRET REPORT- Senator Kennedy (Continued)

Gregg knew the right man for the overseers job, Felix Rodriguez, a fanatically anti-communist Cuban exile who had worked for Gregg and the CIA in Vietnam. Rodriguez volunteered his services to battle the Sandinistas. Gregg deputized him to oversee the distribution of illegal arms to the Contras, primarily as a staging area in El Salvador. Both Gregg and Bush have since denied knowing anything of any illegal operations to arm the contras, until 1986, and it is unknown if Bush actually knew of Black Eagle. When Noriegas notoriety as a drug trafficker became widespread, the CIA concluded that it was time to put distance between him and the operation Black Eagle. Accordingly, a revised operation, code-name "Supermarket", was set into motion by Casey.

Noriega would have a small and non-direct role in the "Supermarket" operation. Micha Harare, the former Mossad operative, was to take full command. His contact was U.S. LtCol. Oliver North. North himself would prove to be naive, saying he did not know that the bulk of the money was from narcotics.

This is as much information as this Bureau has been able to obtain for the moment, Senator, for in-as-much as from the minute that General Ferrera decided to fully support the Kentucky group, all papers have disappeared. We feel that the CIA wanted everything shredded, because Ferrera had too many personal operatives, loyal only to him, and he would eventually find out about the full operation, as he did with Seal.

When General Ferrera had Seal eliminated, he inadvertently toppled the source of funds for the Contras, for like a domino theory, with Seal gone everyone started to look out for their own hides, and one thing led to another, until the discovery of the so-called Iran-Contra-North affair.

As stated before, it is impossible to secure any new information on General Ferrera, other than that which we enclose copies of...it is known, however, that as of this writing, the General is penniless, and still will not risk his government by allowing anyone to know of his dilemma. The connection

FEDERAL BUREAU OF INVESTIGATION



Date: July 7, 1989

22

Div. Int. Intelligence

TOP SECRET REPORT-Senator Kennedy, E. (Continued)

with Horn is hard to understand, for we have no documentation that Horn is paying Ferrera, or that Ferrera is making any monies from his association with Horn. On the contrary, the partnership has cost Ferrera everything he could call his own. It appears that two opposites have been fated to meet for whatever reason, and each furnishes to the other what each needed. Ferrera seems to lead a charmed life, and all attempt to silence him, as ordered, have not been successful. We have orchestrated two attempts on the General within the past two years, failing in both. Now, none of our agencies can touch him, for he is under the protection of the White House. This agency feels that the Oval office knows that to cross the General would endanger the administration, but at the same time, they all agree that the General would take any blame for anything, rather than throw any shadows at the Presidency, as Colonel North was fast to do.

The Bureau has had as many as two dozen agents assigned to monitor all movements of Ferrera, but when he started to approach our agents and reprimand them for "terribly sloppy methods of trailing", we just decided to abort.

We cannot report why the Helms, duDaphne, Rothschild Cartel has not yet given the approval for Horn and his people to collect their funds. All the intelligence we can gather leads us to believe that it is all connected to the political situation in Japan, and that they are waiting for that to settle down before they allow the risk of release of the funds. That is the only manner of assuring themselves that the Japanese will play ball to the very end.

During the past year there have been 14 inquiries regarding the General, to various government agencies, and all can be traced to friends and/or associates of Marion Horn. We have taken all of our agents away from Marion Horn and all of his group and his "Trustees", as ordered by Justice, and we have destroyed all documentation pertaining to them, so in closing, we must add that other information to the Studebaker/Black Eagle affair must be obtained from the "non-existing files" of the CIA. We are sure that if the General does not exist, then there are no files.