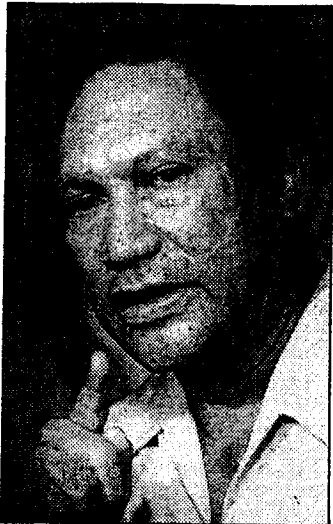


# Noriega Prosecution Ending on a Sour Note

12/16/91

## No 'Smoking Gun' Offered; At Least One Allegation Appears Abandoned



**MANUEL ANTONIO NORIEGA**  
... "we're going to win this case"

By Michael Isikoff  
Washington Post Staff Writer

MIAMI, Dec. 15—The Justice Department's case against Manuel Antonio Noriega, hit by a series of setbacks recently, is coming to a finale with federal prosecutors all but abandoning efforts to prove one of their original charges against Panama's former military strongman, according to lawyers and law enforcement officials familiar with the case.

After nearly three months of testimony from a procession of convicted drug dealers and pilots, federal prosecutors say they will rest in the drug trafficking and racketeering trial either Monday or Tuesday. At that point, nearly two years after Noriega was toppled by a U.S. invasion, his lawyers will make their long-deferred opening statement.

They will outline a defense that will depict the former "maximum leader" as a dogged drug fighter who worked closely with the Drug Enforcement Administration, the Central Intelligence Agency and other branches of the U.S. government.

The marathon case is an enormously sensitive matter for the Justice Department and is its most important criminal prosecution. Failure to secure a conviction of Noriega, officials concede, would be a public relations disaster for the Bush administration, raising anew questions about the president's decision to order a military invasion that cost the lives of 23 American soldiers and hundreds of Panamanians and brought angry denunciations from many Latin American countries.

While prosecutors remain public  
See NORIEGA, A12, Col. 1

### NORIEGA, From A1

licly confident that they have established Noriega's ties to the drug trade, their case appears to be ending on a sour note. Despite testimony from numerous former associates that Noriega took millions of dollars in bribes from the Medellin cartel, no "smoking gun" in the form of documents or hard evidence has been produced and many of the government's key witnesses have told contradictory stories about the alleged payoffs.

Moreover, at least one of the more sensational allegations made against Noriega appears to have been dropped by the government. When he opened the case last September, lead prosecutor Michael P. Sullivan said the government would prove that in July 1984, Noriega flew to Havana to meet with Cuban leader Fidel Castro to resolve a dispute with the Medellin cartel.

The charge first made international headlines in February 1988 when former Noriega political aide Jose Bandon released a photograph showing Noriega and Castro con-

ferring at a table. But while fleeting references to the Noriega-Castro meeting were sprinkled throughout the trial, prosecutors recently decided not even to call Bandon as a witness and virtually abandoned any effort to prove the charge.

Sources close to the case say that Bandon was tainted by his role last year in "leaking" tapes of Noriega's prison phone calls to the Cable News Network. Putting Bandon on the stand "would open up a can of worms," said one source close to the case.

The result has been a visible new cockiness among Noriega and his lawyers. At a lavish Christmas party in his offices Friday night, Noriega lawyer Frank Rubino boasted that in six weeks or so he would be throwing an even bigger victory bash—"and this time the general will be present."

Even Noriega—pokerfaced throughout most of the trial—seemed almost ebullient at times last week. After a particularly bad day for the government, he turned to face the spectators, grinning broadly in his brown Panama Defense Forces uniform.

"Vamos a ganar el caso; y cuando salga podremos conversar," he said to Panamanian journalist Tomas

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orig

España, Italia, Albania;

Quitar la poliza a una pasajero  
Primo

\$ 50.000 Kg. < C King  
C King

\$ 30/35.000 Kg.

17 000 = 55 gr. = 70.000 \$ x banal

1 bill de 55.000 = 1

84 000 kg de coca

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70.000 en estado de depósito de cobro

Poliza. Internal spyed

Otras finanzas: total de cobro.



Prosecutors say these notes by Noriega show he was involved in the drug trade while the defense says they represent seizures by the Panama Defense Forces.

Cabal. English translation: "We're going to win this case; and when I get out, we'll be able to talk."

Defense sources said today that contrary to initial expectations, allegations of CIA involvement in drug trafficking will not be a central part of their case. Instead, they will start their case by calling a series of present and former DEA agents, including ex-administrator John Lawn, who will be forced to testify about Noriega's long-time cooperation with the agency.

Sources said the testimony will show that many of the government's key witnesses were arrested as a result of information turned over to the DEA by Noriega—a linkage that could seriously undercut the credibility of Noriega's accusers. "We're going to have to take our lumps," said one U.S. law enforcement official close to the case.

The defense argument also could be vastly aided by the recent discovery of an internal DEA file on a secret intelligence operation called Operation Negocio in which Noriega supplied information about drug pilots and planes operating in Panama. According to the newspaper Newsday, which reported the existence of the operation Sunday, files about Operation Negocio were

discovered by prosecutors last week when they began interviewing the DEA agents subpoenaed by Noriega's defense team.

Defense sources said today the files were turned over to Noriega's lawyers Friday night and will be helpful in questioning the DEA agents subpoenaed by the defense.

The start of the defense case comes after a frustrating final week for the government. Early last week, prosecutors presented several witnesses, including two former officials of the scandal-ridden Bank of Credit and Commerce International, in an effort to link \$23 million in Noriega bank accounts to drug money. But convicted money launderer Amjad Awan, the BCCI banker who handled Noriega's funds, acknowledged under cross examination by Rubino that he had no idea where Noriega got the cash.

Rubino then got Awan to confirm a long list of internal bank records that seemed to confirm the defense theory: that the BCCI accounts were primarily official Panama Defense Forces (PDF) funds, not the proceeds of drug payoffs from the cartel. The records showed deposits, including one from an Israeli arms company, and expenditures, including \$900,000 for a Boeing aircraft.

The inconclusive nature of the financial testimony was underscored during a near-comical exchange with another former BCCI banker, Syed Hussain. He testified that in March 1988—shortly after Noriega was indicted in Miami—he was summoned to Noriega's house to pick up a briefcase filled with \$200,000 in cash given to him by Noriega's wife, Felicidad.

Rubino demanded to know whether Hussain could say the cash "was the result of drug dealing." When Hussain said he was "not aware of any drug dealing by General Noriega," prosecutor Sullivan jumped to his feet. "Can you say it's not the result of any drug dealing?" he asked. "No, I can't," the banker replied.

The week ended with prosecutors producing a sheet of yellow note paper, found by a U.S. Army officer two years ago in Noriega's private office, filled with apparent references to cocaine shipments and prices.

Prosecutors brought back one of the more controversial witnesses, Max Mermelstein, a former Medellín cartel henchman who in recent years has collected more than \$255,000 in U.S. government funds testifying against former associates.

Mermelstein said that as an "expert" on narcotics trafficking, he could say that the jottings in question—purportedly in Noriega's handwriting—were references to shipments of ether and acetone from Europe for the manufacture of cocaine.

But the cryptic jottings also appear to contain a reference to "international politics." Rubino questioned Mermelstein on his knowledge of law enforcement actions by Noriega's PDF, suggesting the figures coincided with official reports of cocaine and precursor chemical seizures detailed in an official PDF publication.

"Do you have any way of knowing that this is General Noriega's notes for giving a speech about drug interdiction?" Rubino asked the witness. "I have no way of knowing," replied Mermelstein.

Justice Department officials shrug off such setbacks, saying that in the end the case will not hinge on any single piece of evidence or even the credibility of any particular witness.

"You could talk about all the minutiae you want—it's the big picture," said one source close to the prosecution.