

Covert CIA Operation Via Church

By Walter Pincus
and George Lardner Jr.
Washington Post Staff Writers

A former CIA official offered a highly censored version in federal court here yesterday of how he helped the late CIA Director William J. Casey defy congressional restrictions by using corporate connections to funnel payments to the Catholic Church in Nicaragua.

Although the details were not disclosed in court, informed sources said the operation was designed to support the anti-Marxist activities of Archbishop Miguel Obando y Bravo in late 1985 and 1986. Members of Congress had objected to the operation and explicitly deleted funds for it from the 1986 CIA budget.

Alan D. Fiers, then-chief of the CIA's Central American Task Force, said in U.S. District Court here that he subsequently arranged for the financing without telling his boss, Clair E. George, then-deputy director of operations. Some of the money, the court was told, was supplied by then-White House aide Oliver L. North, and some by a company that did business with the CIA.

Fiers said he counseled officials of the company, which "did a great deal of work for us in lots of different

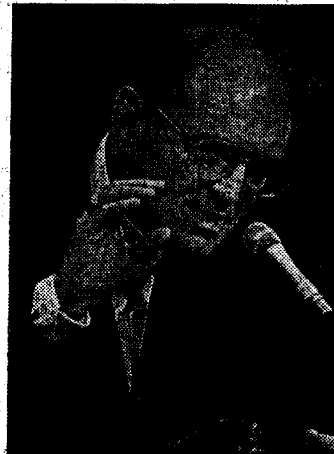
ways," to start charging the agency for "general overhead and operating costs" and send the payments "to the project," referring to the church.

Casey's decision to go ahead with the covert action after promising Congress he would drop it parallels, on a smaller scale, the decision by the Reagan White House to continue covertly supplying military assistance to the contra rebels in Nicaragua between 1984 and 1986 despite a congressional ban on such aid.

According to an informed source, the W.R. Grace & Co., where Fiers now works as a lobbyist, "was involved" in the plan to funnel aid to the church. However, Fiers's attorney, Stanley Arkin, said this was "completely false." The president and chief operating officer of W.R. Grace, J.P. Bolduc, said, "There is absolutely, unequivocally no validity to this allegation."

An associate of Fiers said it was his understanding that "a Venezuelan entity" was the source of the money. That entity, the associate said, had "no relationship" with W.R. Grace.

Fiers is the chief prosecution witness against George, former chief of the CIA's clandestine service who has been charged with nine counts of lying, perjury and obstruction of congressional and grand jury investiga-



In court, former CIA aide Fiers said he arranged funding, some via North.

tions of the Iran-contra scandal. George contends he was too busy with problems in the rest of the world to keep track of what was going on in Nicaragua.

By extracting from Fiers an account of the secret propaganda operation in Nicaragua, George's chief defense lawyer, Richard A. Hibey, illustrated yesterday how Fiers and Casey often dealt directly with each other on Central American opera-

Outlined

tions, excluding George. This defense strategy to paint Fiers as a zealous operative who kept George in the dark about his contra activities followed a defense effort Thursday at the start of cross-examination to challenge Fiers's credibility by depicting him as a repeated liar on Iran-contra issues.

Fiers testified yesterday that Casey promised members of Congress to discontinue funding of the church in Nicaragua, then ordered him to "fix" things in a way that the funding would continue. Fiers did not refer in court to the church by name, but spoke of "a particular entity inside Nicaragua."

Fiers acknowledged that he did not tell Iran-contra prosecutors about the funding operation until last January, when they found out about it from other sources.

"I did not have an excuse," he testified. "It was the one act of commission that I had taken during the entire time that I had run the task force where I had done something I thought was wrong."

Cross-examining Fiers for a second day, Hibey ran through more than a dozen other instances in which Fiers took action or acquired information on matters involving the re-

supply network for the contras without telling George.

"I thought I would take most of these subjects to the grave with me," Fiers said.

He began cooperating with Iran-contra prosecutors last year after pleading guilty to two misdemeanor counts of withholding information from Congress about the Iran-contra scandal. Until that time, he said he had kept many of the secrets of the scandal to himself to protect friends and colleagues "up and down" the chain of command.

Among the matters that Fiers said he kept from George were: requests from North for CIA assistance in buying arms for the contras; a meeting Fiers had with Felix Rodriguez, one of North's operatives in Central America; problems with Costa Rican officials over a secret contra resupply airstrip close to the Nicaraguan border; and a key meeting with then-Vice President Bush's national security adviser to discuss Rodriguez's charges of corruption in the resupply network.

Fiers said he also did not tell George about regular contacts between the CIA's Costa Rican station chief and North until Nov. 26, 1986, the day after the White House announced North's dismissal for his management of the Iran-contra operation.

Hibey also raised questions about the reliability of Fiers's previous tes-

timony this week, arguing that in some instances, Fiers was putting words in George's mouth.

For example, Fiers was asked about an October 1984 meeting in Casey's office where Casey asked North if he was "operating in Central America and North replied no." When Fiers first described this puzzling meeting in Senate testimony last year, he said that George privately told him it was "a charade" staged for Fiers's benefit.

Hibey pointed out yesterday that Fiers did not use the word "charade" in 1987 when he first described the meeting publicly before the House and Senate committees investigating Iran-contra. Fiers said then that George and he decided they "were going to stay within the bounds of the law."

Asked how he squared that with his more recent testimony, Fiers said his 1987 statement was "misleading, incomplete, rounded-off testimony. . . . In other words, to use your words of yesterday, that was a lie."

The unauthorized covert aid to the church in Nicaragua, then the leading force of the Sandinista government, was halted in the spring of 1986, according to informed sources. Fiers said it ended when questions were raised at CIA headquarters about the unexplained bills from Central America that had been submitted by the "business entity."