

## IV. DRUG TRAFFICKING AND THE COVERT WAR

When the Southern Front against the Sandinista Government in Nicaragua was established in 1983, Costa Rica remained ill-equipped to deal with the threat posed by the Colombian drug cartels. Then, as now, the country does not have a military, its law enforcement resources remain limited, and its radar system still so poor that Contra supply planes could fly in and out of the clandestine strips without being detected.<sup>23</sup>

Following their work on behalf of the Sandinistas and the Salvadoran rebels, the Colombian and Panamanian drug operatives were well positioned to exploit the infrastructure now serving and supplying the Contra Southern Front. This infrastructure was increasingly important to the drug traffickers, as this was the very period in which the cocaine trade to the U.S. from Latin America was growing exponentially.

In the words of Karol Prado, an officer of the ARDE Contra organization of Eden Pastora on the Southern Front, "drug traffickers . . . approaches political groups like ARDE trying to make deals that would somehow camouflage or cover up their activities."

The head of the Costa Rican "air force" and personal pilot to two Costa Rican presidents, Werner Lotz, explained the involvement of drug traffickers with the Contras in the early days of the establishment of the Southern Front as a consequence of the Contras lack of resources:

"There was no money. There were too many leaders and too few people to follow them, and everybody was trying to make money as best they could."<sup>24</sup>

The logic of having drug money pay for the pressing needs of the Contras appealed to a number of people who became involved in the covert war. Indeed, senior U.S. policy makers were not immune to the idea that drug money was a perfect solution to the Contra's funding problems.

As DEA officials testified last July before the House Judiciary Subcommittee on Crime, Lt. Col. Oliver North suggested to the DEA in June 1985 that \$1.5 million in drug money carried aboard a plane piloted by DEA informant Barry Seal and generated in a sting of the Medellin Cartel and Sandinista officials, be provided to the Contras.<sup>25</sup> While the suggestion was rejected by the DEA, the fact that it was made highlights the potential appeal of drug profits for persons engaged in covert activity.

Lotz said that Contra operations on the Southern Front were in fact funded by drug operations. He testified that weapons for the Contras came from Panama on small planes carrying mixed loads which included drugs. The pilots unloaded the weapons, refueled, and headed north toward the U.S. with drugs.<sup>26</sup> The pilots included Americans, Panamanians, and Colombians, and occasionally, uniformed members of the Panamanian Defense Forces.<sup>27</sup> Drug

<sup>23</sup> Lotz, Part 4, p. 690

<sup>24</sup> Lotz, Part 4, p. 675

<sup>25</sup> DEA Testimony before House Subcommittee on Crime, July 28, 1988.

<sup>26</sup> *Ibid.*, pp. 683-684

<sup>27</sup> *Ibid.*, pp. 680, 682