

MR. VAN CLEVE: Were you ever told that because you were engaged in a special operation, you might not have to obey any United States law?

MR. DUTTON: No, I was not.

MR. VAN CLEVE: I believe you testified previously that you did, in fact, discuss several specific relevant United States laws with General Secord. You mentioned specifically the Neutrality Act, the Arms Control -- excuse me, the Arms Export Control Act. And I believe you testified that General Secord informed you that the operation was to be run in a manner that was consistent with those laws. Is that correct?

MR. DUTTON: That's correct.

MR. VAN CLEVE: And you so informed the employees of the operation, is that correct?

MR. DUTTON: That's correct.

MR. VAN CLEVE: At any time, did you request any of the employees of the operation to operate in a manner inconsistent with either of those statutes?

MR. DUTTON: No sir, I did not.

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MR. VAN CLEVE: Colonel Dutton, if I might, let me emphasize I don't plan to ask you about the specific details of any of those other operations, for what I think are obvious security reasons.

MR. DUTTON: Okay. That --

MR. : Excuse me, do you get my --

MR. VAN CLEVE: The question was, though, do you know of other such operations?

MR. DUTTON: I know of other operations, correct.

MR. VAN CLEVE: Okay. I thought your answer would be "yes." Can you explain to the Committee, please, the differences between your participation in the Central American operation and those other operations you're familiar with. What I'm interested in here, sir, is what is the difference between the circumstances, the support and so on, the funding of the Central American operation, and the other United States government operations of which you're aware?

MR. DUTTON: I think I know your key point, and it's well taken. The other operations that I have been involved with have all

Badger (?) and Rice Bowl (?), we spent a great deal of it very rapidly. In this particular instance, we did not have that luxury.

And I think the KL-43 messages and the history of our operation show the hand to mouth nature of the operation in Central America. And it was a result of the fact that we had to take whatever money we could and divide it up, ostensibly between two operations. And there wasn't enough to just go buy what you needed. And in some of my messages, I believe, I refer to the fact that we are not dealing with a bottomless pit, that we have to be very careful with our money.

MR. VAN CLEVE: Following up on that, were you ever told that United States governments [sic] were involved in any way in the Central American operation?

MR. DUTTON: Was I told --

MR. VAN CLEVE: Were you ever told that United States government funds were involved in any way in the Central American operation--

MR. DUTTON: --Government funds, I'm --

MR. : (Off-mike) -- Could we (?) have a timeframe on that? He left the Air Force --

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MR. VAN CLEVE: Between May 1, 1986 and December 31, 1986, were you ever told?

MR. DUTTON: No, I was not.

MR. VAN CLEVE: Thank you. And further, referring to the discussion you had with General Secord at the beginning of your employment by STTGI, in connection with the Central American operation, did General Secord ever tell you, and again referring to this 1986 time period, that you were a contract employee of the United States?

MR. DUTTON: No, he did not.

MR. VAN CLEVE: Did he ever tell you that STTGI had a contract with the United States?

MR. DUTTON: No, he did not.

MR. VAN CLEVE: Were you ever told that you would be eligible for United States government life insurance, death benefits, or pension benefits?

MR. DUTTON: No, I was not.

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MR. DUTTON: I think I know your key point, and it's well taken. The other operations that I have been involved with have all been conducted by US government money. And I must say, in --

But in order to save time for the committee, I'll stay here, as opposed to changing places with Mr. Ballen.

Let me just start, if I might, by reviewing with you briefly your testimony about your background in special operations and the relationship between that your participation in the Central American resupply operation.

MR. DUTTON: Yes, sir.

MR. VAN CLEVE: Do you know of any other special operations, based on your experience, that used or relied on private firms or contractors for the performance of part or all of a mission -- as compared to this Central American operation, is the question?

(Col. Dutton conferred with his attorney.)

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MR. DUTTON: Yes, I did, to Beirut.

MR. BALLEEN: And what were the circumstances behind you traveling to Beirut?

MR. DUTTON: Because I had the KL-43 with me, Gen. Secord and Col. North wanted somebody in Beirut when David Jacobsen was released. I went to Cyprus, was briefed there, and then flew in on army helicopters to the embassy. I met Ambassador Kelly, and we conducted a four-and-a-half to five-hour debrief of David Jacobsen; spent the night. Col. North came in the next morning; got to meet the hostage he had worked so hard to get released. And he gave him a quick briefing on what was going to happen when we got back to Larnaca, and what would be happening over the next few days. And we flew out, and that was the last I saw of them.

MR. BALLEEN: And, sir, did you use, in fact, the KL-43 to communicate?

MR. DUTTON: Yes, I did.

MR. BALLEEN: And did you send a message to Gen. Secord that said that the captors of the hostages would not give -- would not release any more hostages on this trip, and that they wanted the next delivery before getting another -- before releasing another hostage?

MR. DUTTON: Yes, that's correct.

MR. BALLEEN: I take it that means that they wanted another delivery of weapons to Iran before they were willing to release another hostage. Was that your understanding?

MR. DUTTON: Yes. When I was in contact with both Gen. Secord and with the White House situation from the embassy in Beirut, I was told that we were hoping to get three hostages out, not just one or two. By the time I was there, of course, we had the one. They were still hoping to get the two others. In the debriefing, David said that, from his information, he didn't believe that we would get the other two until another shipment was made. And I'm passing this information, I believe, it was to Gen. Secord who was in London at the time. But I may have also sent this to the White House situation room.

MR. BALLEEN: Mr. Chairman, thank you very much. I've no further questions of the witness.

CHAIRMAN HAMILTON: Mr. Van Cleve?

MR. VAN CLEVE: Thank you. In order to save time -- and I apologize, Col. Dutton, it's a little difficult for me to see me.

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if that particular opinion had indicated that you could drop non-US combatants into Nicaragua, would you have challenged that?

COL. DUTTON: No, sir. If the opinion stated that we could have dropped combatants then -- if the opinion stated that whatever we were doing was legal, that would have been okay.

SEN. COHEN: Which is precisely what I asked you the first time: Whatever --

COL. DUTTON: I'm sorry, I misunderstood you.

SEN. COHEN: All right. Whatever that legal opinion said you would not have challenged it because you assume that Oliver North had authority from either Poindexter or the President or Bill Casey?

COL. DUTTON: Yes, sir. I misunderstood the point of the question. I thought you were saying that I didn't care whether we broke the law or not.

SEN. COHEN: No, no. As long as you got a legal opinion that's as far as you wanted to go?

COL. DUTTON: That was good for me, yes sir.

SEN. COHEN: And, so as long as you didn't use any American-made equipment or equipment coming from the United States, there was no problem of legality even under the terms of that legal opinion, right?

COL. DUTTON: I don't believe that legal opinion dealt with the source of arms. That would have been in the arms export control

area; this one was dealing with what we could deliver. And the fact that we could deliver arms came through loud and clear.

SEN. COHEN: Did you deliver any M-79 grenade launchers? You kept some pretty detailed records about the inventory.

COL. DUTTON: I did. I would have to review to be sure. I didn't study the loads, but it would not surprise me if we had.

SEN. COHEN: If it had, wouldn't that have violated the restriction about selling or delivering US-made equipment?

COL. DUTTON: Sir, I think it would depend on what the source of that was, if it was an overseas source. But again, there's somebody that's much more expert than I on that. My understanding was that great care was taken as far as what munitions were procured and where they were procured for delivery.

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SEN. COHEN: What about nightscopes, did you deliver any nightscopes?

COL. DUTTON: We used night vision goggles ourselves. I would have to review the record to see if nightscopes were in fact delivered.

SEN. COHEN: And if nightscopes were delivered, that in fact would have been a violation, if it came directly from the United States?

COL. DUTTON: If it came directly from the United States.

SEN. COHEN: What about bushmasters(??)?

COL. DUTTON: Again, I'm not familiar with that.

SEN. COHEN: Max or Rodriguez was a problem for you from the very beginning, wasn't he?

COL. DUTTON: Not from the very beginning. When I first met him I thought he was going to be a real benefit to us because he is -- he comes across very personably and he did have good connections both in the host country and up here.

SEN. COHEN: Right. Weren't you aware that he complained, as a matter of fact, about a mechanic who was drunk on the job? He was concerned about security of the operation?

COL. DUTTON: I don't recall him bringing that up, but I would have been glad for his attendance to that.

SEN. COHEN: Did he ever complain to you about the fact that Tom Clines was ripping off the contras -- making extraordinary profit?

COL. DUTTON: He mentioned that at one time. I found that rather unusual. My understanding -- I believe one of his comments was, "We're buying grenades for three dollars and selling them for nine dollars." Which I find rather strange because every munition that I delivered out of the warehouse was being given to the contra or to the southern force, not sold to them.

SEN. COHEN: So you thought that was without any merit?

COL. DUTTON: Excuse me?

SEN. COHEN: You thought his complaint was without merit?

COL. DUTTON: Yes, sir.

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SEN. COHEN: How about Mr. Quintero? Did he ever complain about his presence in the operation?

COL. DUTTON: Did I?

SEN. COHEN: Did he?

COL. DUTTON: Not to me, sir.

SEN. COHEN: Well, to anybody in the group?

COL. DUTTON: I don't know.

SEN. COHEN: You indicated that at least there was suspicion by yourself and others, including Oliver North, that Mr. Rodriguez may in fact have been aiding and abetting the enemy of the contras.

COL. DUTTON: My information was coming from Colonel North so -- Oh! Aiding and abetting the contra?

SEN. COHEN: The enemies of the contras.

COL. DUTTON: Oh, the enemies? I'm not sure that I could say that directly aiding the Sandinistas?

SEN. COHEN: No. The people --

COL. DUTTON: The communists, possibly.

SEN. COHEN: -- people who were seeking to put a halt to the contra aid program.

COL. DUTTON: Yes--the people that were trying to put a halt to it and trying to expose it.

SEN. COHEN: You mean to say you were going to keep -- you and others would keep a man on the operation who in fact was actively seeking to undermine it?

COL. DUTTON: Sir, that wasn't my choice as whether we kept him or not. And the fact that he was kept was probably determined by his connections down there.

SEN. COHEN: And here in Washington?

COL. DUTTON: That could be.

SEN. COHEN: He's well connected --

COL. DUTTON: There were others that knew how strong those connections were; I wasn't really aware.

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SEN. COHEN: When did you decide -- you said you indicated you decided to leave the Air Force on May 1st and went to work on May 2nd with Stanford?

COL. DUTTON: Yes, sir. I made the decision long before that, but that was the date of my retirement -- the official date.

SEN. COHEN: Were you persuaded to come onboard because the issue had become too hot for General Secord to maintain a high profile in terms of controlling the operation?

COL. DUTTON: No, sir. My decision had been made before I ever had a discussion with General Secord,

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and it wasn't a matter of the issue being too hot when I came onboard, it was that -- the issue was that we weren't getting the job done and he needed somebody who could apply full-time to it.

SEN. COHEN: On exhibit 3, which is dated June 18th '86, you have a handwritten note which says, "Ralph re lawsuit." Would you tell us what that means? (pause)

COL. DUTTON: Sir that's not my handwriting. That isn't my note. I sent the message that's at the top. What was written at the bottom was by somebody else.

SEN. COHEN: You don't know whose handwriting that is?

COL. DUTTON: No sir, I don't recognize it.

SEN. COHEN: Thank you very much.

CHAIRMAN INOUE: Senator Heflin.

SENATOR HOWELL HEFLIN (D-AL): Colonel Dutton, you have testified today, and I believe you previously testified to it, that General Secord and Mr. Hakim had told you on a number of occasions, that they were interested in operating this contra aid project in order to position themselves with the White House to take full advantage of the financial opportunities that they believed would be forthcoming at the end of the Iran-Iraqi war and U.S. efforts to rebuild Iraq. Is that a correct statement?

COL. DUTTON: Sir, if I could, I believe my testimony was that, Mr. Hakim and General Secord were willing to support the United States government in the effort to resupply the contras. The fact that they were tied up in the Iran resupply -- or the Iran arms sale -- was an issue that would have long-term benefits to them. The fact that they brought me onboard and said we can afford to have Colonel Dutton working totally for the Southern Project on our payroll is because we see in the long term that there are going to be contacts made. They were trying to work with a moderate faction that would lead to business contacts. And that they could see in the long-term, there would be business to be done with these businessmen in Iran and they wanted to have been the ones to make contact with them.

SEN. HEFLIN: And you came onboard on May the 2nd 1986. Was this statement made to you, in and around that time, say during the year 1986?

COL. DUTTON: It was made during the year 1986 to -- to pin a date on it sir, I really couldn't do that.

SEN. HEFLIN: Did you -- Was it repeated to you by General Secord on several occasions?

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COL. DUTTON: No sir. I can only remember that it was explained to me once, and that was sufficient.

SEN. HEFLIN: Did at any time during that time, did General Secord indicate to you that he was interested in returning to the government service?

COL. DUTTON: No sir, I heard that in his testimony, and that he had not confided in me.

SEN. HEFLIN: So, in '86,

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his statement to you was to the future, was pertaining to the issue of perhaps, profits, contacts that might be made in Iran, pertaining to some endeavors there?

COL. DUTTON: I think the idea that in the long term, the company would be in a better business position, was certainly an explanation for an obvious question, which was, "Why am I getting paid \$5,000 a month to run a -- try and run a Southern Air operation?"

SEN. HEFLIN: You mentioned during your testimony, various things about "Top Boss." And, you asked about whether it could refer to Admiral Poindexter. In any reference that you ever had with Colonel North, did he ever refer to Donald Regan as his "Top Boss," with those words?

COL. DUTTON: No, sir. I never heard him refer to Donald Regan as that.

SEN. HEFLIN: I believe that's all.

CHAIRMAN INOUE: You still have time. (Pause.) Senator Tribble.

SENATOR PAUL TRIBLE (R-VA): Thank you, Mr. Chairman. Mr. Dutton, you and General Secord were close associates, were you not? You worked together on a daily basis?

COL. DUTTON: Yes, sir, that's correct.

SEN. TRIBLE: Is it fair to say that you're the General Staff Officer in his operations?

COL. DUTTON: My title is "Staff Director," but I don't have much of a staff working for me.

SEN. TRIBLE: So, you're his man?

COL. DUTTON: I would rather say that we're business associates. I'm my man.

SEN. TRIBLE: All right, sir. But, you worked for Mr. Secord?

COL. DUTTON: That is correct.

SEN. TRIBLE: Now, are you aware that during the time of these operations under review here, that Secord and Halim were pursuing a number of high-cost investment opportunities with Don Mourestika(?) and Larry Reuer(??)?

COL. DUTTON: I knew of Larry Reuer, and I had heard the name Mourestika, but I had not -- I didn't get to spend much detailed time on it.

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SEN. TRIBLE: But you knew about those transactions?

COL. DUTTON: Oh, yes.

SEN. TRIBLE: Okay. Now, did you know that General Secord and his associates were pursuing the purchase of American arms, and the manufacture of armament?

COL. DUTTON: I know that they -- I was given to understand, American Arms was going bankrupt, and that there was an attempt to save them, and to find a place in the United States that they could manufacture a weapon known as the "American-180." And I was asked to go up to a company called "Foreways(?)" up in New Jersey, and see if, perhaps, they could do -- accomplish the manufacture.

SEN. TRIBLE: So, you know about the pursuit of that investment opportunity?

COL. DUTTON: To the degree that I have said. I don't know the details.

SEN. TRIBLE: Now, let me direct your attention to Secord Exhibit 28-C, which is now before you. Have you seen that document before, or do you know about its contents?

MR. DOWD (COUNSEL TO MR. DUTTON): Excuse me, Senator, Mr. Chairman. I don't see any 28-C.

SEN. TRIBLE: Well, I'll have to see the document. I could see the document.

SEN. TRIBLE: Well, there are two documents. I would refer you to the one that's headed "American Arms Project."

MR. DOUD: We've got (NETWORK INTERRUPTION) --

COL. DUTTON: Yes, sir.

MR. DOUD: I have Secord-16 and -17.

SEN. TRIBLE: There should be a document -- there are two documents that have just been handed to you, counselor.

MR. DOUD: Is this it, Senator?

SEN. TRIBLE: That's it. Precisely.

MR. DOUD: All right.

SEN. TRIBLE: And I'd ask Mr. Dutton again, have you seen this document before, or are you familiar with its contents?

COL. DUTTON: No, sir. I've never seen this document.

SEN. TRIBLE: It summarizes, though, does it not, the ongoing discussions about the American Arms project?

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COL. DUTTON: Sir, I have no way of knowing. If I've never seen the document before, I don't know what it summarizes.

SEN. TRIBLE: All right, sir. For the record, Mr. Chairman, let me say that from the sworn testimony of Mr. Reuer and Mr. Mourestika, we've learned that this was the working paper used by General Secord, Mourestika and Reuer,

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when the purchase of American Arms was discussed in Denver in April of 1986. I would add further that that's just before you became a party to this enterprise.

And I would add further, Mr. Chairman, that in his testimony, Gen. Secord said that he had never seen this document.

Now let me direct your attention to a second document before you.

MR. DOWD: Mr. Chairman, I don't know what the relevance of all that is. If this witness has nothing to know about it, I don't see the connection with Iran or contra or anything. So I object to it.

CHAIRMAN INDUYE: We will soon learn whether there is a connection, but please proceed.

SEN. TRIBBLE: Mr. Dutton, let me direct your attention now to the second document. Can you identify this?

COL. DUTTON: Yes, sir.

SEN. TRIBBLE: All right. You wrote that document. did you not?

COL. DUTTON: I did.

SEN. TRIBLE: And it was prepared for Mr. Secord and Hakim, and it is relevant, again, to the American arms transaction and general area?

COL. DUTTON: Sen. Tribble, what this is, is I had been told about a number of projects that were being pursued. What you may see here is my military desire to have some sort of an organization plan back down on paper that everybody could refer to. I could never keep straight who was supposed to be doing what in any particular operation. Therefore ---

SEN. TRIBLE: That's the problem we've had as well, Mr. Dutton.

COL. DUTTON: Well, we're all involved in a special operation, then.

SEN. TRIBLE: Mr. Dutton, this document, then, was prepared by you?

COL. DUTTON: Yes, it was. But not particularly at the request of anybody. It was -- I was in the office, I had the time. I thought I'd try and put something down to see if, in fact, Gen. Secord said, "Yes, that's the way it's going to work."

SEN. TRIBLE: Okay. What it reflects is that, at the top, you have FPBI Holding Company. And then below that, there are listed

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four subsidiary companies -- American Arms, Seratech(?) International, Tri-Red(?) Cedar Associates and Biotech Pharmaceutical. Is that correct?

COL. DUTTON: It's Biofine(?) Pharmaceutical, but that's correct.

SEN. TRIBLE: Biofine?

COL. DUTTON: Yes, sir.

SEN. TRIBLE: All right. Now Mr. Mourastika has testified that you and Albert Hakim gave this to him, as an outline of discussion that took place on July 17th in Washington, D.C. Is that accurate, according to your recollection?

(Whereupon, the witness conferred with counsel.)

COL. DUTTON: Let me check the chronology on that because I don't -- I may have met Mr. Mourastika. I don't recall meeting him, but, if I did, it was only one occasion.

SEN. TRIBLE: All right, sir. Well, as your counselor is

pursuing that, let me go on and we can fill that detail in. The point is, I guess, that I'm trying to make here is, you knew about these companies. You knew about the meetings that were taking place, the telephone calls, the work being done to pursue these investment opportunities. That's a fact, is it not?

COL. DUTTON: No, it's not.

SEN. TRIBLE: It's not? Well, how could you have drafted this document? This details all of those very same investments.

COL. DUTTON: What you said was, I was -- that I was knowledgeable of all the telephone calls and all the financial tie ups on it. I was not. I was not aware of the phone calls, and I was not aware of how the financial part of it was going to work. What I understood was, there were four projects that STTGI was going to work. And that was rather encouraging to me, because, if we didn't make some money in that company, I wasn't going to have a job much longer. So I was doing what I could to help, and that was to generally -- and I don't know it could have been more general -- outline what the, how these four operations would interrelate.

That was what I was attempting to. And, if it gives the indication that I was knowledgeable about each of those, that's an incorrect indication.

SEN. TRIBLE: All right. Mr. Chairman, I have just two more questions to complete this line of inquiry. Might I continue?

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CHAIRMAN INOUYE: Please proceed.

SEN. TRIBLE: Thank you, Mr. Chairman. Now, in regard to these companies. Mr. Mourastika has testified that these projects demanded a lot of money up front -- \$1 million cash for American Arms; \$1-\$1.5 million for the Wood project. Seratech(?) International needed, he said, \$1-\$1.5 million. And he's gone on to testify that the money man here was Gen. Secord. It was Gen. Secord that was going to provide the money. Where was Gen. Secord going to get that much money? Do you know?

COL. DUTTON: In the first place, Sen. Tribble, you kind of have me at a disadvantage. I haven't seen this testimony that you're referring to, so I'm not sure in what context Mr. Mourastika made those statements. I'm sure that, if you said he did, he did. But I have no idea where he would have gotten that idea, or if, in fact, he really understood what it was he was talking about. I mean, you have me at a disadvantage.

SEN. TRIBLE: Well, this is your document. And I ---

COL. DUTTON: I haven't seen Mr. Mourastika's testimony.

SEN. TRIBLE: --- document that you prepared. So it's not my intention to put you at a disadvantage, but only to discuss the document that you prepared and offered to ---

COL. DUTTON: No, I understand that, sir. I haven't seen the testimony you're talking about, so I don't understand the context in which any of these statements were made.

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SEN. TRIBLE: So the answer is, then, you would not know where General Secord would get that money.

COL. DUTTON: If, in fact, he needed that money. I'm not sure that he was the money man. In fact, that would be unusual to find that out.

SEN. TRIBLE: All right, sir. I thank you, Mr. Chairman, and I thank you, Mr. Dutton.

CHAIRMAN INDOUYE: Senator Rudman.

JOHN DOWD (Col. Dutton's counsel): (Inaudible) that that whole line of questioning was irrelevant. There's no tie to the purposes of this investigation or to the resolutions of both the House and the Senate. There's no tie to Iran, contra or anything else.

MR. DOUD: Thank you.

CHAIRMAN INOUE: Senator Rudman.

VICE CHAIRMAN RUDMAN (R-NH): Thank you, Mr. Chairman. Col. Dutton, could we take a look at number 14, Exhibit 14?

SEN. SARBANES (?): Off-mike.

VICE CHAIRMAN RUDMAN: I'd be happy to yield for a moment, if you'd like.

SEN. SARBANES: Chairman, I don't think that counsel on the previous point, with respect to the exhibit that Senator Tribble used, should be able to assert its total irrelevance, because if you look on page three of that exhibit, talking about projection of sales, it says, "No domestic sales projected; 1,000 to 1,500 Saudi and Gulf states; 4,000 contras." It says, "Twenty-five percent commission based on \$1,000 per unit; \$1,375,000." Now Col. Dutton may not be familiar with it -- it may have happened before he came, and he might not have been clued into it -- but it clearly projected, in acquiring this arms company, the sale of 4,000 units to the contras, and commissions of 25 percent, a significant amount of money for the enterprise.

MR. DOWD: Mr. Chairman, if I may respond respectfully to Senator Sarbanes, the document the Senator refers to --

SEN. SARBANES: (Inaudible.)

MR. DOWD: -- is not tied to this witness at all. So it's irrelevant to this witness's testimony. We're not familiar with any other testimony. No testimony was handed to us. And I suggest the line of questioning is irrelevant with respect to this witness. He simply didn't know.

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CHAIRMAN INOUE: As I have indicated, your objection has been noted. Senator Rudman.

MR. DOWD: Thank you very much, Mr. Chairman.

VICE CHAIRMAN RUDMAN: Mr. Chairman, could I respectfully request the clock be rolled back to zero? (Laughter.) Mr. Dutton, have you got number 14 in front of you?

COL. DUTTON: Yes, sir.

VICE CHAIRMAN RUDMAN: That was prepared in July or September?

COL. DUTTON: Well, the document was prepared at two different times. The beginning of it, I started preparing it in May/June timeframe. The second section of it was dated the 21st of July, but it was actually started to be prepared in late June.

VICE CHAIRMAN RUDMAN: And General Secord prepared the document.

COL. DUTTON: I prepared the document, sir.

VICE CHAIRMAN RUDMAN: You prepared the document. Let's turn to the last item of the document, the options.

COL. DUTTON: Yes, sir.

VICE CHAIRMAN RUDMAN: Who prepared that?

COL. DUTTON: I did the actual preparation. The information was provided to me by General Secord.

VICE CHAIRMAN RUDMAN: All the information was submitted to you by General Secord?

COL. DUTTON: We had a number of discussions about the options. These were what I came out of the discussions with, and this is what I wrote down.

VICE CHAIRMAN RUDMAN: But essentially, General Secord was structuring this paper, and he was telling you what the structure was, and you, as his staff person, were reducing it to writing.

COL. DUTTON: That would be accurate.

VICE CHAIRMAN RUDMAN: Let me ask one of our able young people here to bring something down to you so you can look at it while I'm looking at it. No, I wasn't referring to Senator Nunn. (Laughter.)

(Staff members delivers document to Col. Dutton.)

VICE CHAIRMAN RUDMAN: (Inaudible) four pieces or two pieces there? Have you got two?

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MR. DOWD: Senator, we have two --

VICE CHAIRMAN RUDMAN: You've got two, right? One starting with page 80?

MR. DOWD: One says page 80.

VICE CHAIRMAN RUDMAN: All right, and the other's starting with page 106.

MR. DOWD: 106, yes, sir.

VICE CHAIRMAN RUDMAN: Let me represent to you those transcripts prepared by a stenographer of

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General Secord's testimony --

JOHN DOWD (COUNSEL TO DUTTON): Could we take a moment to read it, Senator?

VICE CHAIRMAN RUDMAN: Certainly.

MR. DOWD: Thank you.

VICE CHAIRMAN RUDMAN: Whose time is this on? Is it on my time? (Laughter)

(Pause while Mr. Dowd and Col. Dutton review testimony)

VICE CHAIRMAN RUDMAN: If it will help you any, I'm only going to talk (?) about pages 80 through 82 and 83. And on the other document, just page 106 and page 108.

(Pause)

VICE CHAIRMAN RUDMAN: (Off-mike) -- You all set (?)
(inaudible) --

COL. DUTTON: Yes sir.

VICE CHAIRMAN RUDMAN: I've listened to your testimony very carefully today, and I've made notes (?). But I want to refer you to page 80, which is the first page of this transcript. Mr. Liman is questioning General Secord. And would you look at Exhibit Four, the last page there, and he's looking at the last page that I've referred to you as that option page.

COL. DUTTON (?): Yes sir.

MR. DOWD (?): That's Exhibit 14, Senator?

VICE CHAIRMAN RUDMAN: Well, it was a different exhibit in General Secord's case. It was General -- it was Exhibit Four there, it's Exhibit 14 here.

MR. DOWD (?): All right, thank you (?) --

VICE CHAIRMAN RUDMAN: "So look at the last page," Mr. Liman asks.

Answer: "Yes."

"Mr. Liman: 'And do you recall that the first option was to sell the planes and the airstrip for \$4 million to the CIA?'"

"Mr. Secord: 'That is the option listed by the author.'"

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"Mr. Liman: 'And the author was Mr. Dutton?'"

"Mr. Secord: 'Yes.'"

"Mr. Dutton's an employee of yours?"

"Right."

"And you testified you did not approve of it?"

"That's correct."

We then skip over to page 82, because the -- you've now had a chance to read it, I'm not leaving anything out that's of any significance here, I'm only trying to elicit information. On line 1845, "Mr. Liman: 'Is it a fact that you are the author of the line listed in this page?'"

Answer: "No, that's not a fact."

Now if I understood your testimony correctly, you wrote it out, but you hardly -- you would not call yourself the author of this document. You certainly were the person who put it on paper, but the idea was not yours, is that correct?

COL. DUTTON: The idea was not mine.

VICE CHAIRMAN RUDMAN: Was not yours?

COL. DUTTON: That is correct.

VICE CHAIRMAN RUDMAN: All right. Now going on to 106, Mr. Nields was interested in this item, and he asked the General to turn to page nine. He turned to page nine. And then Mr. Nields went through some questioning. And then the bottom of page 107, they're talking about the same option to sell.

MR. DOWD: (Inaudible)

VICE CHAIRMAN RUDMAN: Bottom of page 107, that's line 2371. Do you have that, counsel?

MR. DOWD: Yes. Yes sir.

VICE CHAIRMAN RUDMAN: "Mr. Nields: 'Was that one of the options?'"

"Mr. Secord: 'That was one of HIS [Rudman's emphasis] options. He wrote this paper, put it together, seems to be a logical option. Even there you see that we prefer Option One. That was Bob Dutton's view. It was not my view.'"

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And then they went on and had some more discussions. Finally, in the middle - well, you read it yourself on page -- on line 2384, Mr. Nields says, "Well, what does it mean? You referred us, I think, to Note One, which says, 'We prefer Option One, with the proceeds from the sale going back into a fund for continued similar requirements.'"

"Mr. Secord: 'He apparently'" -- "He," meaning you -- "had in mind going back into the fund in Switzerland to be used to support it --its Iran requirement,

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I suppose. I don't know what he meant by that.'" Now, I submit to you, Mr. Dutton, that you've been a very straightforward, honest witness here. You've just laid it out as you know it. If you haven't known it, you haven't said so. The fair reading of this document of General Secord under oath has nothing to do with, you know, who happened to write it down. The clear meaning of this testimony is that you, not General Secord, was the inventor, the conceiver, the author of this plan, which was never implemented, but that is not the point. If I understand your testimony, you deny that. That is not true.

COL. DUTTON: Senator Rudman, General Secord testified to his recollection of how this was put together, and I have testified as to what my recollection is of how it was put together, and my testimony will stand that I say that I was given those options and I put them down as best I could. Now, understand these were over a period of time that many discussions took place, that later on

testimony will stand that I say that I was given those options and I put them down as best I could. Now, understand these were over a long period of time that many discussions took place, that later on the discussion of giving the assets to the CIA did come up. I gave it to you the way I know it.

SEN. RUDMAN: Well, when -- you say "over a long period of time". I believe the option itself was prepared at one time. Am I correct?

COL. DUTTON: The two options were -- I won't say they were prepared at one time. There were discussions. As of the 21st of July, those were the two options that I saw were the ones that were to be put into the paper.

SEN. RUDMAN: And, where did those discussions take place?

COL. DUTTON: Oh, they could have taken place in our office. They could have taken place in General Secord's home. They could have taken place in my home. They could have been anywhere.

SEN. RUDMAN: Well, I've looked at your deposition. I've listened to your testimony today. You're absolutely consistent on this point, and I think the record will speak for itself. Thank you, Mr. Chairman.

CHAIRMAN INOUE: Mr. McCollum.

ATTORNEY FOR DUTTON: Col. Dutton would like to address senator Rudman on a matter involving some aircraft that came up the other day in a question the senator asked General Singlaub. Just to -- because he has some direct personal knowledge about that aircraft, and he would just like to clarify it, if the Senator wouldn't mind.

SEN. RUDMAN: I don't mind at all, except, I think maybe what we ought to do is let the gentleman proceed with his questioning, and before we're done, I think if you want to clarify that point or others, you certainly ought to be allowed to do that.

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COL. DUTTON: Thank you, very much.

SEN. RUDMAN: Mr. McCollum.

MR. MCCOLLUM: Thank you very much, Mr. Chairman. Col. Dutton, I have a series of questions I want to ask to clarify a few things as I see them today that have come out. To my judgment up to this point, we've kind of beaten this asset sale or asset giveaway question almost to death, but I want to be sure that we don't leave it with any false impressions. With regard to the assets of the resupply operation that you were involved with, did you ever hear Col. North or General Secord at any time talk about making a profit on the sale or lease of these assets to the CIA?

COL. DUTTON: No, sir.

MR. MCCOLLUM: Did you ever hear Col. North or General Secord or anyone else ever suggest that the monies or the funds derived from the sale or lease of these assets to the CIA would go specifically to the benefit of the contras?

COL. DUTTON: No, sir.

MR. MCCOLLUM: I just want to clarify that.

COL. DUTTON: Can we go back to your previous question, when you said "sale or lease".

MR. MCCOLLUM: Yes

COL. DUTTON: Under the lease option, there was a profit built in, as with any proprietary but that -- where that -- the money from that profit would go was not in --

MR. MCCOLLUM: Under the sale option, there was not profit, that was meant?

COL. DUTTON: No, sir.

MR. MCCOLLUM: And, no discussion of profit under the sale option?

COL. DUTTON: No, sir.

MR. MCCOLLUM: All right. With respect to some of the other questions that have been asked to you, I want to clarify as well your knowledge with regard to the players and where you got the information from. A lot of it, I gather, is from what Col. North said to you or your impressions, but I want to make sure that everybody has this clearly on the record. At any time, have you ever personally discussed with President Reagan, the resupply operation or your involvement with General Secord or Col. North in support of the contras?

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COL. DUTTON: Have I ever discussed it with President Reagan?

MR. MCCOLLUM: Personally?

COL. DUTTON: No, sir, I have not.

MR. MCCOLLUM: You testified that Col. North told you that you were working for the President. You spent 26 years on active duty in the Air Force. Weren't you at all times working for the President when you were on active duty, as your commander in chief?

COL. DUTTON: Yes, sir.

MR. MCCOLLUM: You said that Col. North told you that he was taking this photo album that you had and you showed us earlier today, to the top boss or his top boss, and that some day, you might get to shake the hand of the President. That might be your only reward. I believe this was to paraphrase what you said. Is that correct?

COL. DUTTON: Yes, sir. That's correct.

MR. MCCOLLUM: Others have said that Col. North had a tendency to rap himself in the Presidential authority, and to

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sometimes give the impression that he met with the President or he worked more closely with the President than in fact he actually did. Isn't it possible that in describing these things to you, and mentioning these things, that he was doing the same kind of implication with you, that he did with others?

COL. DUTTON: Sir, that's a possibility, but this has happened

before. And it wasn't -- it seemed to me a natural thing. The President had thanked a group like us before, and for Colonel North to say the President was going to thank us again, fits. So in my mind, I didn't think he was pulling it out of perspective.

REP. MCCOLLUM: Okay. With regard to the previous time you'd been thanked, was it President Carter or President Reagan?

COL. DUTTON: It was President Carter sir.

REP. MCCOLLUM: Okay. At one point Colonel North told you that, "He would end up taking the heat for whomever he was running the operation for." I believe those are the words you used.

COL. DUTTON: Yes sir.

REP. MCCOLLUM: Did he ever actually say, that he would take the heat for the President?

COL. DUTTON: No sir. He never said that.

REP. MCCOLLUM: Were you present or did you ever overhear any conversation at any time, between Colonel North and Director Casey or Colonel North and Mr. Meese, or any other Cabinet Officer?

COL. DUTTON: Could we take them one at a time sir?

REP. MCCOLLUM: Sure I'd be glad to. Were you present or did you ever overhear any conversation, at any time between Colonel North and let's say, Director Casey, the CIA Director?

COL. DUTTON: No sir.

REP. MCCOLLUM: Were you present or did you overhear at any time, any conversation, between Colonel North and Mr. Meese?

COL. DUTTON: No sir.

REP. MCCOLLUM: Were you present, for a conversation, or did you overhear such a conversation at any time, between Colonel North and any cabinet officer in this administration -- in President Reagan's administration?

COL. DUTTON: No sir.

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REP. MCCOLLUM: I want to ask you specifically about some of the concerns that I have with regard to the connections that may or may not have existed in the meetings that -- or at least one meeting that Felix Rodriguez had up here in one of the offices of the Vice-President. At any time, have you ever discussed with Vice-President George Bush, the resupply operation or anything related to it?

COL. DUTTON: No sir, I have not.

REP. MCCOLLUM: At any time, have you ever been present, when anyone discussed the resupply operation with the Vice-President?

COL. DUTTON: No sir, I have not.

REP. MCCOLLUM: Have you ever talked to anyone who said they talked with Vice-President Bush about the resupply operation? Now this is the resupply operation, not something else. (pause) (laughter) I don't know if they talked about something else or not. I'll rephrase that question. If you want to talk about the time he went out to the park and had an ice cream cone, that's all right with me. (pause)

COL. DUTTON: If you could repeat the question, I could give you the direct answer I believe.

REP. MCCOLLUM: All right. Have you ever talked with anyone who told you, or said, that they talked with Vice-President Bush about this resupply operation you were involved in?

COL. DUTTON: No sir.

REP. MCCOLLUM: Have you ever discussed the resupply operation with any member of the Vice-President's staff?

COL. DUTTON: No sir, I have not.

REP. MCCOLLUM: Now have you ever been present, when anyone discussed the resupply operation with any member of the Vice-President's staff?

COL. DUTTON: I was -- I have not been present. No sir.

REP. MCCOLLUM: All right. Have you ever talked with anyone who said they discussed the resupply operation with a member of the Vice-President's staff?

COL. DUTTON: No sir.

REP. MCCOLLUM: You did have occasion to tell us that you took -- or were accompanying Mr. Rodriguez down to an office of one of the staff members or in the Vice-President's office area.

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COL. DUTTON: Yes sir.

REP. MCCOLLUM: I believe you testified that you thought that was Mr. Gregg's office. Could that have been -- could the person that he was meeting with been Mr. Watson instead of Mr. Gregg -- Do you know it was Mr. Gregg he was meeting with that day you took him down there?

REP. MCCOLLUM: Sir that question was asked to me before, it could have been Mr. Watson, I -- It was short, it would have been very difficult for me to recall.

REP. MCCOLLUM: I'm sorry, I didn't know that had been asked. Okay. With regard to the involvement that you had in respect to this whole affair with Mr. Rodriguez, I really don't want to go into a lot more questions about it, but I am concerned about some of the meeting sequences that took place, and maybe if I was gone and they covered them, I don't want to get very much involved in it. But, my understanding is, that at some point in August -- This meeting that you described took place in June of last year. Is that right?

COL. DUTTON: That's correct sir.

REP. MCCOLLUM: At some point in early August, Felix Rodriguez, Max Gomez, did indeed meet with Don Gregg, the Vice-President's staff member. You weren't present, you already said you weren't present for that. My understanding is, several days later though, you were in a meeting with Dutton -- I mean with Earl -- Mr. Earl, and he had been present at some of these meetings that had gone on with Felix. Did he ever talk to you about what went on in that meeting. I just want to make that absolutely clear because you've already answered, pretty much, the questions that I wanted to ask, but I want to tie that down, you know. My impression is, that we're going to hear evidence that Mr. Earl was indeed present during the discussions with Mr. Rodriguez and Don Gregg. And later you had occasion to meet with Mr. Earl. Did he ever tell you Colonel Dutton, anything

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about what was said in there?

COL. DUTTON: No, sir, he never did.

REP. MCCOLLUM: All right, I just -- that's it. I want to leave that question and go on to some other things.

MR. DOWD (Col. Dutton's counsel.): Excuse me, Mr. McCollum. Could Colonel Dutton tell you how he arrived at the June 25th date

REP. MCCOLLUM: Sure, be glad for him to.

MR. DOWD: -- that might be helpful to you since you asked that question.

COL. DUTTON: Well, it came from two sources. One in our debrief. it was pointed out to me that there was an annotation on Colonel North's calendar on the 25th of June that I had been there. I, in my initial chronology, had put it in the July timeframe mainly because there was a KL-43 message that said that Felix had been rebuffed in our area just recently. And so I had moved back to the previous week. I went back into the American Express records for Stanford Technology and found that there was an American Express bill -- I didn't have it, but the Company had it, and of course we gave up all those records to the committee and the independent counsel -- when I got that, we were able to confirm it was the 25th.

REP. MCCOLLUM: But in any event, that meeting took place well before any meetings that might have been taking place in August or did take place in August?

COL. DUTTON: That's correct.

REP. MCCOLLUM: And you were not a party in any way, even going down to the door, to a meeting in August, right?

COL. DUTTON: No.

REP. MCCOLLUM: And you didn't hear about that meeting as far as what went on in it from anybody?

COL. DUTTON: No, sir.

REP. MCCOLLUM: Okay, that's all I wanted to clarify.

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concern about that, in giving them up and so forth. And it seems to me that in your testimony earlier today, at least you've implied if you haven't said, that this is what triggered the request that went to the Attorney General's shop and to others to try to stop or slow down that probe, or delay it, or whatever. Did the Iranian deal -- the arms deal with Iran have anything to do with the reasoning behind not wanting the Southern Air Transport records revealed at that point in time? Do you recall?

COL. DUTTON: No, sir, it did not. When Mr. Langton called me, his total concern was other classified projects with other agencies of the United States government that would or could come to light in an investigation. And if the people didn't know what information they had, it might have gotten out and it could cause a problem for other portions of the government.

Mr. Langton is probably one of the most honorable and supportive men that I've ever met. And Southern Air Transport was an absolute key to the success that we eventually had in Central America. And I can tell you that he's a great American that was only interested in protecting American secrets.

REP. MCCOLLUM: But the point is, it wasn't just a question of protecting the involvement in Central America, there were other security concerns about revealing this information that were motivating those involved, is that correct?

COL. DUTTON: That is correct.

REP. MCCOLLUM: All right. Are you aware of any Israeli sale or shipment of arms to Iran before the involvement in the transactions that is subject to this investigation?

COL. DUTTON: No sir, I am not.

REP. MCCOLLUM: Are you familiar with any of those at all?

COL. DUTTON: No, sir.

REP. MCCOLLUM: I have an exhibit marked "Exhibit 15", you don't have it in your book, perhaps we can get a copy of that down to you if we would, and pass it out to the members. It's another one of these --

MR. DOWD(?): I believe we do, Mr. McCollum.

REP. MCCOLLUM: Do you have 15 in there?

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REP. MCCOLLUM: Could you take a look at that, please? The last one is what I'm interested in. It's another one of these KLX messages; the third one down, the one that says "secret" -- looks like it says, "From Rob Earl(?)" at the top. Could you tell us what -- after you look at it -- tell us what this is all about?

(Pause while exhibit is examined.)

COL. DUTTON: I think to get through it the quickest, Rob Earl is talking to me, he says, "My reading is the results from the report of last night were that Joe and Vince" -- who are, those are names for the Chiefs of Station, CIA for two of the countries -- "had been directed hands off by the DCI. Combined with my report" -- which would have been Rob Earl's -- "that Jim" -- which is Colonel Steele, commander of the Mil. Group -- "didn't want to meet with you, didn't want to meet with me, supposedly at the direction of the ambassador. The threat of a lawsuit against (inaudible due to network interruption)" -- the senior military official in our host country -- "for air piracy, has apparently really poisoned the atmosphere for Jim and for the ambassador about the good intentions of the company."

The threat of air piracy -- Felix had taken one of our aircraft and put a civilian individual on board and flown it over to one of our ford(?) operating bases in direct violation of our operational -- Op. Sec., operational security. A comment that had been made by Colonel North was he ought to be charged with air piracy. Somehow, Felix managed to convince the General down there that we were in fact talking about charging him with air piracy, and one more time -- and this was in the August time frame -- we got locked out of the base for a few days because the General was angry with us.

REP. MCCOLLUM: Who is

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DCI? What is that, then? It says, "Joe and Vince had been directed 'hands off' by DCI."

COL. DUTTON: Director of Central Intelligence, Mr. Casey.

REP. MCCOLLUM: So, at least at this point, there was a calling-off of any assistance whatsoever, by anybody who was an agent or an operative for the CIA, in assisting the resupply operation, or in assisting the contras, or providing intelligence, or whatever might have been going on. Is that my fair reading of that?

COL. DUTTON: That's what it would appear, that they were being asked to back away from us again. But I think, as I testified before, when these things would happen, the local CIA representative, he was backed off anyway. Vince would back off to a degree, probably not cooperate quite as much as he had. But it never seemed to affect our support from the southern neighbor.

REP. MCCOLLUM: General Secord testified that he was frustrated with the CIA, and its activities, with regard to the contras during the period of time. We've already heard discussions of the fact that despite the Boland Amendment, the CIA did, indeed, have a role it could play, legally, in providing intelligence and weather and so forth. Are you aware of the efforts that General Secord made, or were you aware of them, to meet with Director Casey, to try to get more cooperation from the Central Intelligence Agency? And in the areas where they legally could give it?

COL. DUTTON: I was aware that he had had two meetings with Mr. Casey, because he told me he'd had two meetings with Mr. Casey. I know there was a continuing effort on the part of Colonel North to try to get more information, so that the flights that we were making, both into the northeastern section, and the southcentral and southwestern areas of Nicaragua, we didn't all of a sudden get a surprise, and find out that the Sandinistas had moved in missiles, or radars, or something; or the HINDs. That kind of information was critical to the survival of the air crews. And we were never able to -- seem to get their support, to provide that information.

REP. MCCOLLUM: Am I reading correctly into this, that the extent of what the CIA actually did down there, within the parameters that were given to them, was less than some even interpreted that they could do? They may have overstepped their bounds; I don't know. I can't tell that in some of this. But, to the degree to which they were involved, there were those of you who were there who thought they could do more, or could have done more, legally. Is that correct?

COL. DUTTON: Yes, sir.

REP. MCCOLLUM: Thank you. I have no more questions, Mr. Chairman. Thank you.

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CHAIRMAN HAMILTON: I am informed that the House has another vote pending, so we'll turn to Chairman Inouye, and the House members will be excused.

CHAIRMAN INOUE: Senator Mitchell.

SEN. GEORGE MITCHELL (D-ME): Colonel Dutton, you testified this morning regarding a meeting that you and Felix Rodriguez, also known as Max Gomez, had with Colonel North. It was precipitated by North's advising you that he had information that Rodriguez had been talking on an open phone, and you made reference to North's access to NSA intercepts. Do you recall that testimony this morning?

COL. DUTTON: Yes, sir, I do.

SEN. MITCHELL: Did Colonel North say, during the meeting, that he had access to NSA intercepts, and that is how he learned that Mr. Rodriguez was speaking on an open phone, discussing matters involving this operation?

COL. DUTTON: He said he had NSA intercepts that showed that this had happened, yes, sir.

SEN. MITCHELL: It did say that?

COL. DUTTON: Yes, sir.

SEN. MITCHELL: Did he show you and Rodriguez intercepts, or did he merely say that he had them?

COL. DUTTON: He merely said that he had them, sir.

SEN. MITCHELL: Right, right. Now, I want to get into another area. You testified in response to Mr. Liman's question this morning, regarding this operation -- your exact words, I think, as I wrote them down, were: "This operation was run by the US government." Do you recall that testimony? He was asking you about other special operations that were run by the US government, and I believe you said, "this operation," referring to the resupply operation, which is the subject of this hearing, "was run by the US government." Do you recall that testimony?

COL. DUTTON: I don't recall it directly, but an answer along those lines would have been appropriate.

SEN. MITCHELL: Yes. And that is your belief, that's what you testified to?

COL. DUTTON: Whether by or for -- it's probably a fine point, and one that is trying to be made here. I felt it was being run by General Secord and Colonel North. It was being run for the President.

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SEN. MITCHELL: Right.

COL. DUTTON: To say that it's being run by the United States government was --

SEN. MITCHELL: Right, right. The -- but you also said that North and Secord were your co-commanders?

COL. DUTTON: Yes, sir. That was my impression.

SEN. MITCHELL: All right. Did -- reference was made to the legal opinion regarding the Neutrality Act.

COL. DUTTON: Yes, sir.

SEN. MITCHELL: And I have a copy of it here before me. It was an exhibit in connection with Mr. Secord's testimony. Perhaps you could make copies available. And I wanted to make certain that we're talking about the same document.

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(4331)

MR. DOWD: Would that be 23, Senator?

SEN. MITCHELL: Yes, sir. It consists of a covering letter from an attorney, Middleton A. Martin, and a six-page memorandum entitled "Appliability of the Neutrality Act." Is that what you were referring to, Col. Dutton?

COL. DUTTON: Yes, sir. it was.

SEN. MITCHELL: This memorandum assumes that the operation would be -- would involve private individuals in a commercial relationship, and reaches the conclusion that, under certain circumstances, which I'll get into in a moment, the Neutrality Act would not apply.

My question is, I fail to see the relevance of this memorandum if you, as the person in charge of the operation, believed it to be run, either by or for the United States government, the commander -- or at least the co-commander of which -- was a government official. You had no doubt that Col. North was a government official at the time?

COL. DUTTON: Oh, no, sir.

SEN. MITCHELL: And you believed him to be acting in his capacity as a government official?

COL. DUTTON: Sir, I didn't know how the U.S. government was trying to run this operation -- whether they were trying to run it as a government operation or if they, in fact, had hired or established a proprietary to run it for them. It wasn't a concern of mine once I -- when I read this, I was convinced. Gen. Secord said, "That's the way it's set up," and that was fine by me.

SEN. MITCHELL: You were reassured?

COL. DUTTON: Yes, sir.

SEN. MITCHELL: You're not a lawyer, and it was reassuring to you to have a lawyer's written opinion telling you that what you're doing was not illegal. Is that a fair ---

COL. DUTTON: Absolutely. Yes, sir.

SEN. MITCHELL: And you didn't get into the fine points of the ---

COL. DUTTON: No, sir, I did not.

SEN. MITCHELL: --- of the legal memorandum? I'd like to ask you to lok at the first page, and the sentence I have underlined.

It says, "The company would not transport insurgent personnel for military or any other purpose." That's really the distinction you understood, is it not -- that you could transfer weapons, but as long as you didn't transfer personnel, you would not be violating the law?

COL. DUTTON: That was my understanding. Yes, sir.

SEN. MITCHELL: All right. Then it goes on to say, "Nor would the company otherwise participate, beyond provision of airlift services in insurgent activities."

COL. DUTTON: And that, to me, is what we were doing -- is providing airlift services. That's what my job was.

SEN. MITCHELL: Right. So, if it turned out that a member of the company, in fact, participated beyond provision of airlift services, you understood, then, that the activities would be illegal, under the Neutrality Act?

COL. DUTTON: I think the individual that participated might be in jeopardy. And, if it was supported and approved by the operational commander, then the operation would be in jeopardy.

SEN. MITCHELL: And, if it was the commander himself who engaged in such activities, then the operation might be in jeopardy, would you say?

COL. DUTTON: If the -- yes, sir.

SEN. MITCHELL: Well, I think this was a government operation, whether the word is "by" or "for." I think you said "by" originally, and I think you were quite accurate when you said that. The commander or the co-commander was a government official.

COL. DUTTON: That's right.

SEN. MITCHELL: The evidence that's been presented is that the funds that were received were solicited with participation by government officials. And, indeed, the participants in the solicitation themselves testified they didn't think they would have gotten any money, but for the participation of government officials. Is that your understanding?

COL. DUTTON: Yes, sir. It is, at this point in time.

SEN. MITCHELL: You didn't know it then, though?

COL. DUTTON: When Col. Dutton was starting into this ---

COL. DUTTON: No, no. I'm not suggesting that.

COL. DUTTON: The fact that money was being provided was fine. That meant I could at least go to somebody and ask for help.

SEN. MITCHELL: Yes. I'm merely stating what the facts was, not questioning what your understanding of the situation then was. And, in fact, as you yourself have testified, you received significant assistance from the CIA station chief and the military commander in the region.

COL. DUTTON: Yes, sir.

SEN. MITCHELL: (Aside) Is my time up, Mr. Chairman? All right. Thank you very much, Col. Dutton. Thank you, Mr. Chairman.

CHAIRMAN INOUE: Thank you. This morning, in response to a question relating to Shirley Napier's carrying an envelope to the Old Executive Office Building, you responded that you were not aware of the content of the envelope. Is that correct?

COL. DUTTON: Not until afterwards until she returned and told me that she had signed a receipt for it.

CHAIRMAN INOUE: So, you had no idea whether it was a document or cash?

COL. DUTTON: No, sir. It was given to me as a package, and that's the way I was told.

CHAIRMAN INOUE: I would like to read to you just about a half a page from a transcript of the deposition of Shirley Napier, just for clarification. "Question: Could you

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(15:28)
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describe for us the occasion in 1986 when you delivered money to the Old Executive Office Building."

Answer, and this is Miss Napier: "Bob Dutton was trying to get in touch with Bill Cooper, who was coming to Washington. And he wanted him to stop in Miami and pick up documents or papers, and he could not get ahold of Bill Cooper. And Mr. Secord was out of town. And I didn't have much to do, so I volunteered to go down and pick up the papers. Bob said he would have to make a phone call. He made his phone call, came back, said it was okay for me to pick it up, to make my reservations, and that he was going to make another phone call. Well, I made my reservations, and he came back, and at that time he told me that I would be picking up \$16,000 in cash from a man who worked for Southern Air Transport. And when I picked it up, to bring it back to DC and to take it to Colonel North at the Old Executive Office Building."

Did you know that the envelope contained \$16,000?

COL. DUTTON: Sir, my testimony has been that I didn't know until afterwards. That's Shirley's recollection of it. The recollection that Bill Cooper was coming up to pick up the package -- I don't think I would have used Bill Cooper as a courier. But -- and it may have been that she heard me say "Bill," because we were looking for Bill Olmstead at the time, to actually do the -- to go down and pick up the package. I don't -- I do not recall finding out that it was cash until after she returned.

CHAIRMAN INOUE: Are you acquainted with Mr. Robert Owen?

COL. DUTTON: No sir, I didn't know that name until afterwards.

CHAIRMAN INOUE: Mr. Robert Owen appeared as a witness last week, and during his testimony, a document identified as Exhibit RND-11, dated February the 10th, 1986, was made part of the record. And this is a report from Mr. Owen to Colonel North. And in this report, he says the following: "No doubt you know the DC-4 (?), Foligot (?), was used at one time to run drugs. And part of the crew had criminal records. Nice group the boys choose. The company is also one that Mario has been involved with in using in the past, only they had a quick name change. Incompetence reigns."

You got into this business on May the 2nd, 1986. Isn't that correct?

COL. DUTTON: Yes sir.

CHAIRMAN INOUE: During the period of the special operations in Nicaragua, the contra assistance program, were all the aircraft used -- were they owned and operated by Southern Air Transport?

COL. DUTTON: No sir, they were not. I was to find out after the operation that some of the paperwork that was supposed to have been accomplished to transfer the registration had, in fact, not been done. And if we'd ever gotten a breather from trying to just get the operation working, I'm sure we could have gotten the paperwork squared away. But they were not owned by Southern Air Transport.

CHAIRMAN INDOUYE: Were any of those planes involved in running drugs?

COL. DUTTON: No sir, none of ours. We had never had a DC-4 to begin with, but none of our aircraft would be used for something like that, and Southern Air Transport would never be associated with anything like that.

CHAIRMAN INDOUYE: Were you aware of this type of activity, as Mr. Owen reported to Colonel North?

COL. DUTTON: No sir, I wasn't. I had my hands full.

CHAIRMAN INDOUYE: I notice that my time is up. I -- thank you very much, sir.

COL. DUTTON: Thank you, sir.

CHAIRMAN HAMILTON: Colonel Dutton, I just have a few questions for you. You testified that Colonel North said he was going to take that photograph album you were shown earlier today to the President. Did he ever do so?

COL. DUTTON: Sir, I have no idea who he showed it to. And he did not -- he referred to "top boss." It was my assumption that it was the President, sir.

CHAIRMAN HAMILTON: And you never asked him about it later?

COL. DUTTON: No sir. In fact, after that happened, of course, we had the shoot-down. And we were so involved between that and then my travels to Israel, the subject just never came up.

CHAIRMAN HAMILTON: Did you have the impression that Colonel North reported to the President occasionally or frequently?

COL. DUTTON: Yes sir. I didn't see any way that all of the things that we were able to get done, and the cooperation or the changing of the levels of cooperation could have ever been accomplished unless Colonel North was operating with the highest authority.

CHAIRMAN HAMILTON: Did he report to you on any conversations he had with the President?

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COL. DUTTON: No sir, he did not.

CHAIRMAN HAMILTON: And you also assume that he talked frequently to Director Casey and Attorney General Meese, or occasionally to them?

COL. DUTTON: I would say with Mr. Casey, probably frequently. And I knew that he had occasion to talk to Mr. Meese, as I previously testified.

CHAIRMAN HAMILTON: And the reason you make the assumption that you do with regard to Colonel North's contacts with the President, I presume,

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COL. DUTTON: No sir, he did not.

CHAIRMAN HAMILTON: And you also assume that he talked frequently to Director Casey and Attorney General Meese, or occasionally to them?

COL. DUTTON: I would say with Mr. Casey, probably frequently. And I knew that he had occasion to talk to Mr. Meese, as I previously testified.

CHAIRMAN HAMILTON: And the reason you make the assumption that you do with regard to Colonel North's contacts with the President, I presume,

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is because of your experience with these special operations and the fact that those operations only work -- they are outside the normal chain of command, and that they depend on direct access to very high officials. Is that a fair statement?

COL. DUTTON: Yes, sir. That is correct.

CHAIRMAN HAMILTON: You also testified that Col. North told you the he spoke to Attorney General Meese, and the Attorney General agreed to pull back the investigation of Southern Air Transport. Is my recollection correct there?

COL. DUTTON: That's essentially correct, yes, sir. As I recall the statement, he said, "It was taken care of," and that he didn't use the term that he had gotten them to pull back, but that the problem was taken care of for the time.

CHAIRMAN HAMILTON: But in any event, Col. North urged the Attorney General to pull back the investigation of Southern Air Transport?

COL. DUTTON: Yes, sir. That's my understanding.

CHAIRMAN HAMILTON: Now, do you know whether the investigation they were talking about at that point was a criminal investigation or a grand jury investigation or what kind of investigation it was?

COL. DUTTON: My feeling was it was a preliminary investigation. It was FAA and Customs, and they had seen the aircraft sitting in front of Southern Air Transport, and it was a matter of curiosity. Things were breaking in the press. The Miami Herald had picked up a number of stories, and I think they were just being responsible and going on a preliminary investigation.

CHAIRMAN HAMILTON: All right. That's all the questions I have. I have Mr. Stokes.

REP. LOUIS STOKES (D-OH): Thank you, Mr. Chairman.

Mr. Dutton, what was your military rank?

COL. DUTTON: I was a Colonel, sir.

REP. STOKES: Colonel? Would it be a fair statement to say that in your 26 years -- is that how long you were in the military?

COL. DUTTON: Yes, sir.

REP. STOKES: In the 26 years that you were in military service of the United States that you had never seen a Lt.Col. with the power and authority of Lt.Col. North?

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COL. DUTTON: Not with that much power, but I had -- I have observed what I would consider junior ranking officers that could make the Pentagon sit up and talk. They're just that dynamic. And, Col. North was one of those. I made the comment, I think to General Secord, that I've seen Col. Norths before and they're something to behold.

REP. STOKES: Well, would you say that he's surpassed any that you have ever seen before?

COL. DUTTON: On an order of magnitude.

REP. STOKES: You testified this morning that once a month the administrative aid would go to Col. North's office to pick up tapes for the KL-43. From whom in Col. North's office would those tapes be picked up?

COL. DUTTON: On the occasions that it was done that way, sir, on one occasion I brought them back out after the meeting that we had with Felix. I actually carried some back that day, but Shirley would go down and meet with Fawn Hall, his secretary, Col. North's secretary.

REP. STOKES: Fawn Hall would supply those? The tapes.

COL. DUTTON: It was the convenience. She would come down from the office and just meet Shirley at the gate, so that she didn't have to sign in and out, and she wouldn't deliver them to her.

REP. STOKES: This happened about once a month?

COL. DUTTON: Over the 4 month period, yes, sir. It probably happened, maybe out of the 4-5 months, that's the way it was done three times.

REP. STOKES: You testified further this morning that Shirley had picked up the sum of \$16,000 dollars from Miami and then had taken the money back and given it to Fawn Hall?

COL. DUTTON: Yes, sir. It was delivery in reverse. Again, it was a matter of convenience, rather than Shirley going all the way up to Col. North's office.

REP. STOKES: Other than these two things you testified to about Fawn Hall, can you recall anything else that Fawn Hall did in this operation?

COL. DUTTON: Other than provide a little sunshine to it.
(laughter) Nice way to start your day to call Ollic's office and

talk to Fawn for a few minutes, but no, I don't know of anything else she did.

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REP. STOKES: All right. You mentioned this morning that one of the reasons you felt that North had the President behind him was because of the involvement of US agencies in this whole operation.

COL. DUTTON: Yes, sir.

REP. STOKES: Are those agencies you had in mind the CIA?

COL. DUTTON: Yes, sir.

REP. STOKES: NSA?

COL. DUTTON: Yes, sir.

REP. STOKES: Any other US agencies?

COL. DUTTON: The fact that he could talk to Justice Department, State Department, when dealings had to be conducted with Ambassadors in the Central American region, things that were being done down there to assist us, it seemed that he had also had connections in State to assist.

REP. STOKES: When you mentioned this morning that you also had NSA gear, were you referring to the KL-43s?

COL. DUTTON: Yes, sir, I was.

REP. STOKES: No other gear?

COL. DUTTON: No, sir.

REP. STOKES: Okay. Whenever Col. North referred to either Mr. Poindexter or Mr. McFarlane, how did he refer to them?

COL. DUTTON: I don't -- I guess on travels when for Mr. McFarlane in his private capacity, he referred to him as Bud, and for Admiral Poindexter, I believe he referred to him as the Admiral.

REP. STOKES: On occasions when your resupply aircraft had to refuel in Costa Rica, were arrangements made that would permit this?

COL. DUTTON: Yes, sir.

REP. STOKES: And, who made those arrangements with the necessary authorities?

COL. DUTTON: The chief of station and the group commander.

REP. STOKES: Did the group

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senior CIA field officer arrange the designation of standard drop zones, which were then used by your resupply operation in making drops to the southern front?

COL. DUTTON: He would coordinate those drop zones with the southern force commandantes. I guess they would do the map study together, figure out where it was they wanted the drop, and then he would transmit those, usually through Rafael Quintero to myself. Sometimes he would send them directly up to our main operating base.

REP. STOKES: Thank you very much. Thank you, Mr. Chairman.

CHAIRMAN HAMILTON: Mr. Hyde.

REP. HENRY HYDE (R-IL): Thank you, Mr. Chairman. Col. Dutton, if Col. North had shown the President that photo album, don't you think there'd have been some reaction to it? The fact that you never heard any reaction to that photo album, wouldn't that tend to indicate it wasn't seen by the President?

COL. DUTTON: Sir, from the time I gave Col. North that photo album until December, we were operating at an extremely high rate of

Speed. I doubt if the subject ever crossed Col. North's mind, and it certainly didn't cross mine. We had much bigger things we were working on.

REP. HYDE: Now we hear much about the power of a lieutenant colonel, a lowly lieutenant colonel in the Marines, and how he had this enormous power. It just seems to me -- and I wonder if you don't agree -- that Col. North wasn't acting in his capacity as a colonel in the Marine Corps, but he was acting as an official of the

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HEARING OF THE JOINT HOUSE/SENATE SELECT COMMITTEE 14:04
INVESTIGATING THE IRAN-CONTRA AFFAIR 3275

2:04 P.M. EDT
WEDNESDAY, MAY 27, 1987

CHAIRMAN HAMILTON: The committees will come to order. I would remind members that we will proceed now with questions by the principal questioners for the committee, the four. They will be called in this order: Senator Sarbanes, Representative McCollum, Senator McClure, and the Chairman, myself. A total of one hour will be divided equally among the four designated questioners. With respect to other members of the joint, or the select committees, I would remind you that if you want to pose questions to the witness that you notify the chair so the chair may call on you after the designated questioners have completed their questions. We will begin with Senator Sarbanes.

SEN. SARBANES: Thank you, Mr. Chairman.

Col. Dutton, you said in your testimony this morning that when you went to work for Stanford Trading Technology, you had a one year contract at \$5,000 a month?

COL. DUTTON: Yes, sir. That's correct.

SEN. SARBANES: Do you continue to work there now?

COL. DUTTON: Yes, I do.

SEN. SARBANES: Was your contract extended?

COL. DUTTON: No, it was not. I was told by General Secord, as long as Stanford Technology can stay working, I've got a job.

SEN. SARBANES: Now, who's your superior, or boss, at Stanford Technology?

COL. DUTTON: General Secord and Albert Hakim are equal partners?

SEN. SARBANES: And are they -- do you regard them both as being your bosses?

COL. DUTTON: Yes, I work more directly with General Secord, but I consider them both bosses, yes.

SEN. SARBANES: Do you work for Hakim in any way? Or is it all with General Secord?

COL. DUTTON: No, sir. I've done work for Mr. Hakim.

SEN. SARBANES: And, you regard the two of them together as controlling Stanford Technology?

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COL. DUTTON: Yes, sir, that's correct.

SEN. SARBANES: How come on the first day on the job on May 2nd of last year, you apparently asked General Secord whether all of this was legal? Did you put that question to him?

COL. DUTTON: In terms close to that. Once we were talking about it, it just came out in the conversation that, you know, are we, are we in good shape legally on this?

SEN. SARBANES: In other words, as it was described to you, it raised enough questions in your mind that you were concerned about its legalities? Is that correct?

COL. DUTTON: Not necessarily, sir. I was being careful.

SEN. SARBANES: You regard it as the normal prudent thing to do when you go to work somewhere to ask whether what you've been asked to do is legal?

COL. DUTTON: I thought this was somewhat an unusual situation, sir.

SEN. SARBANES: And, what did General Secord tell you, to reassure you on that point?

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with the legal opinion. He told me that everything we were doing was, in fact, legal, and that they had taken great effort to be sure that we were operating legally. And we discussed, first, the legal opinion; and, in conversation -- I don't know if it was later that day or later on, we went into discussing other particulars.

Once Gen. Secord -- remember, sir, I'd worked for him before when he was active-duty general officer. And, if a general officer tells me that what we're doing is legal, I don't go into a great deal of research with him on it. I trusted him.

SEN. SARBANES: Now you used that legal opinion on the Neutrality Act quite often subsequently, I take it. You showed it to others down in Central America to reassure them, is that correct?

COL. DUTTON: Sir, I thought it was important when I went down there that, first of all, Bill Cooper, my manager, understand that, if he was asked to fly people into Nicaragua, that that was going to create a problem. I also thought it was important that Col. Jim Steele, who was the Mil Group commander understand that, if he got a request from somebody or heard that, possibly, we were considering flying any of the commandates in and out of neighboring countries, that Cooper was going to say no, and this was why. So, it was important -- and I had a meeting with both of them at the same meeting and made the finding known at that time for that purpose, so

SEN. SARBANES: Would you look at Exhibit 14, please? And, if you would turn to page 9, first of all, just as an aside, who are the South Africans that you refer to here in your memo?

COL. DUTTON: Sir, there was some confusion when we had the three British gentlemen working with us as to whether they were South African or British. I was of the opinion, at one time, that they were South Africa. I was told later that was incorrect, that they were, in fact, British. So that's who it's referring to.

SEN. SARBANES: What -- am I correct in calculating that the recurring costs on a monthly basis for this operation were about \$95,000? That would be adding up everything under recurring costs.

COL. DUTTON: That would probably be very close, sir. I -- remembering that if we considered starting -- we really started looking at this hard in June -- we only had about a four-month period to determine an average. But that would be -- according to this, that would be a pretty good ---

SEN. SARBANES: Well, now, if you turn over to your options page, which is the last page in the memo. And I take it these were options that you testified were given to you by Gen. Secord, is that correct?

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COL. DUTTON: Yes, sir.

SEN. SARBANES: When you say "given to you," in other words, he, in effect, formulated the options, and then you prepared, as it were, the back-up memo to the options. Is that correct?

COL. DUTTON: That's correct.

SEN. SARBANES: All right. Now in Option Two,

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where the CIA was to take over operational control, but you were going to maintain the crews and assets, and conduct the operation at certain rates. And then you conclude, therefore, the basic cost per month to the CIA would be \$311,500, plus additive costs for operations in excess of the 50 hours per month. So, in effect, there was a significant profit, or surplus, that the enterprise would achieve, if, in fact, Option Two had been used. Is that correct?

COL. DUTTON: Sir, recall, if you will, that in September, once we started flying heavily, if you'll note, back on the recurring costs page, I had shown in fuel and oil \$35,000 expended as of July, and an average of \$12,000 a month. Considering that we were burning almost \$6,000 a mission in fuel, that fact that we had increased the rate of flying was going to increase the rate of expenditure a great deal. So, these numbers are -- there has to be some flexibility put into them.

SEN. SARBANES: But now, you were going to charge extra for

was going to be added on to the \$311,000, wasn't it?

COL. DUTTON: The cost that -- I think what we have here --

SEN. SARBANES: Therefore, the basic cost per month would be \$311,000, plus additive costs for operations in excess of the 50 hours per month. So you would --

CHAIRMAN HAMILTON: Senator Sarbanes, excuse me for interrupting you. But I wanted to explain that the House, I'm informed, is beginning a series of six votes. And it will take us, I suspect, the better part of an hour. So I've asked Chairman Inouye if he would preside. And we will go ahead with the principal questioners, Senator Sarbanes and Senator McClure. And if necessary, then, we will just go ahead and ask other members of the committees who are present, if they have questions. Mr. McCollum does have questions, as one of the principal questioners. And he will return as soon as he can, to ask his questions. So you'll excuse the members of the House, please. Senator Sarbanes, I apologize to you for interrupting you.

SEN. SARBANES: Well, Colonel, the additive costs, above 50 hours per month, would cover most of those extra costs you're talking about, would they not?

COL. DUTTON: That is probably true, sir, and I --

SEN. SARBANES: Yeah, I don't want to hassle you, but it's very clear that the \$311,000 --

MR. (COL. DUTTON'S COUNSEL): Excuse me, Mr. Chairman. For the second time, could he finish his answer? It's the second time he's interrupted. I'd just like to give him a chance to answer your question.

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SEN. SARBANES: Fine. Thank you.

COL. DUTTON: Sir, in there, I'm not disagreeing with the fact that there was a built-in amount that would be considered a profit. I think in any condition where a proprietary is hired, that there is an expected profit to be made by them.

SEN. SARBANES: It would be a substantial profit, too, would it not?

COL. DUTTON: It would depend on how the operation ran. The expenditures of keeping these aircraft in operation was extremely high. And the more we used them, the more expensive it was going to be.

SEN. SARBANES: But essentially, you had it, you had recurring costs of about \$100,000 a month, and a charge to the CIA that you were projecting of \$311,000 a month?

COL. DUTTON: Yes, sir.

SEN. SARBANES: All right.

COL. DUTTON: And again, that's a July figure.

SEN. SARBANES: Are you familiar with the testimony that General Singlaub gave when he appeared before the committee, that he could get -- he could have gotten twice as much arms for the money as General Secord was getting?

COL. DUTTON: I heard that testimony, sir.

SEN. SARBANES: Did you think that was accurate?

COL. DUTTON: I have no way of telling, sir. I was, again, as I testified before, I was concentrating solely on the air operation itself.

SEN. SARBANES: Did you have any familiarity with the submachine gun enterprise that General Secord and Mr. Hakim considered going into?

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COL. DUTTON: I had some -- it was already begun when I came to the company, and then I assisted some later on.

SEN. SARBANES: Were you familiar with the fact that apparently they were planning to sell the machine guns to the contras?

COL. DUTTON: No, sir, I was never aware of that.

SEN. SARBANES: That Mr. Royer (?) prepared a memorandum in which he indicated that they hoped to sell 4,000 items to the contras at a unit price of \$1,000 each and take a 25 percent commission?

COL. DUTTON: No, sir, I was not aware of that.

SEN. SARBANES: You weren't aware of that.

COL. DUTTON: No, sir. My relation on that was trying to find a place to get them manufactured.