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THE MYSTERY OF THE "LOST" MENA REPORT

GRAY MONEY: THE CONTINUED COVER-UP

By: Mark Swaney

This is a story that I have tried in vain to get reported. When all else fails, do it yourself, and so this is my own personal account of what I know about the Mena investigation by the House Committee on Banking and Financial Services, also known as the House Banking Committee (HBC).

It is an important story that bears directly on current events, but to understand it, you must know something about past history.

This story is about ordinary citizens in Arkansas who were lied to and cheated by Jim Leach and other corrupt politicians.

This is also a missing person story, and for all we know, Steve Ganis, former Mena investigator for the HBC, has been threatened to insure his silence.

The crucial questions remain unanswered.

* Where is the report on the Mena investigation?

* And where is Steve Ganis?

BACKGROUND

Mena is a small town in southwest Arkansas, population 5,000.

Mena has an airstrip, and in the early 1980's this quiet country town became the center stage for a famous pilot and smuggler, Barry Seal.

Seal based his cocaine smuggling operation in Mena. Local officials knew that laws were being broken and they appealed to the federal government for help.

The rumors were that Seal was running guns to the Nicaraguan Contras, and bringing back

cocaine.

People believed then and now that Barry Seal was actually a government operative using his public persona as a famous drug smuggler as cover.

After the revelations of the Iran-Contra scandal, the questions about Seal's operation continued to bother people in Arkansas who wanted to know if their state had been used by George Bush and Bill Clinton as a base for a government protected dope running operation.

In 1990, some students and citizens and I formed an organization at the University of Arkansas called the "Arkansas Committee." The focus of the Arkansas Committee was to combat government secrecy.

Quickly we discovered that we had a monster case of government secrecy in our own backyard, and we began to agitate to get a full disclosure of the Seal case.

Most of our strategy centered on getting the media to pay attention.

Since the case involved both Bill Clinton and George Bush, the media did write some stories that were almost always centered on the topic of how the Mena story might affect the political chances of one or the other of the now former presidents.

In almost every case, the straight truth was ignored in favor of political "spin". The truth is that Mena is a bipartisan scandal. But that simple idea was lost in the welter of left vs. right reporting.

By late 1994, the Arkansas Committee had been battling for five years to get more information on Mena to the public. To that end we had traveled to Mena, Little Rock, and Washington DC, written countless letters, held press conferences and demonstrations, filed Freedom of Information requests and embarked on our own investigation.

In the beginning we thought that once the media "discovered" the Mena story that they would do their own investigations, but we were sorely disappointed.

We learned that the American media is a very weak reed for democracy to lean on.

More and more we relied on our own investigation to give the people something accurate on the Mena case.

We went after Bill Clinton's Arkansas Development Finance Authority (ADFA), because we believed that ADFA had been established by Clinton to launder money from government covert dope smuggling. We went after them tooth and nail.

JIM LEACH AND THE MENA INVESTIGATION

On the same day that the Arkansas Committee retrieved the Coral Reinsurance documents from ADFA, December 2, 1994, we met with Bill Duncan, former IRS agent, and Micah Morrison of the Wall Street Journal.

That night Morrison treated us to a fine dinner courtesy of the WSJ, and the irony was enormous. Here we were, college radicals, teamed up with the WSJ!

Morrison had come to Little Rock to talk to Bill Duncan about Mena and he informed us that the Arkansas Committee's long pursued goal of obtaining a new investigation into the Mena allegations had finally been achieved.

The managers of the WSJ editorial page had been convinced by former Arkansas congressman Bill Alexander and others that the Mena stories were worth pursuing. They in turn had convinced the incoming chairman of the House Banking Committee (HBC), Jim Leach, to use his good offices to investigate Mena.

And it came to pass as reported by Micah, soon there was an announcement by James Leach that his committee would investigate Mena, and "let the chips fall where they may".

These were the heady days of the Whitewater investigation and the Foster suicide. In their zeal to poke a hole in Bill Clinton, the Republicans apparently didn't care whose ox they gored, even if it was named "Bush". Or so they said at the time.

The Arkansas Committee was skeptical, but willing to go along.

After all, we had been beating the drums, doing our own investigation, and here comes the government saying they will finally do what they should have done long ago.

We wanted to believe them, we really did. And we weren't about to let the Congress of the United States investigate Mena without our getting in on it. On the other hand, we were by this time veteran sufferers of public double talk and self-serving deceptions by "investigative" reporters and corrupt politicians.

I decided to stick to the HBC's investigation every step of the way so that when and if there was another cover-up, I would know it.

Initially, I thought that the probable result of the HBC's Mena probe would be a weak investigation, followed by an equally weak report, with the standard "Scotch Verdict" (meaning "not proved") so favored by Congressional committees.

But was I wrong.

In the spring of 1995, I got a call from Steve Ganis, who had been assigned to be the chief Mena investigator for the Leach committee. Steve Ganis was a young lawyer that previously had worked on an investigation of the Rose law firm and their role in cleaning up some savings and loans for the RTC.

So he already had some knowledge of who the players were likely to be in Arkansas. For the first time I found myself explaining Mena to someone empowered to investigate. We talked for four hours on that first call.

There were many others. Steve and I became friendly. I told him I would back off the public pressure and just let him do his job and read the report like everyone else when it finally came out. I told him I was tired of fighting for the truth to come out on Mena, and that I would draw a line in the sand on my efforts when I finally held in my hand the report of his investigation.

I'm still waiting.

Over the course of the next year (1996), I sent to Steve Ganis all the documentation that I had collected and that he wanted, including the AIG/Coral documents from ADFA.

In one conversation I remember having with Ganis early on, I told him that I believed that the Stephens group was getting rich by laundering money for the US intelligence services.

Ganis was quick to point out that money laundering by the US government was legal, and that if he found ADFA or any entity laundering money for the government, that he would not be able to report on that information.

That was a crucial statement when considered in the light of the new revelations about the history of AIG [American International Group, a global mega-corporate "insurance" entity] and Coral insurance.

I also kept up with the other people that I expected that the investigators would want to talk to, including Bill Duncan and Russell Welch, the original law enforcement team that worked on the Barry Seal case, and Jean Duffey, former prosecuting attorney in Arkansas.

Ganis and the investigators looked in every place that I thought that they should look. They went to Mena and took statements from Chuck Black the Polk county prosecutor, and others in Arkansas.

Ganis requested information from several federal agencies that up until that time had been silent on Seal and Mena, including Customs, FBI, CIA, and IRS. I was impressed.

It was clear that the HBC and Steve Ganis were not slouching in their efforts to get information. Ganis worked closely with Bill Duncan, the former IRS agent that has made Mena a personal crusade. I trust Bill Duncan completely, and Bill told me that Ganis was a bulldog on the hunt, that he was honest and wouldn't give up.

During the first year of the HBC's investigation, Ganis seemed to me to be pessimistic about getting anything that he considered good evidence. He discounted much of the information that I had collected.

After the first year, in the fall of 1996, Steve said that he was close to completing his investigation. One day in late 1996, he called me to ask about a certain person from Saudi Arabia. I never heard of the guy, and I told Steve that I didn't know who it was. Ganis didn't tell me anything about the Saudi, but he was obviously excited about his new lead.

It would be four years before I would find out what he had.

One set of information I had sent that Ganis did take an interest in was the AIG/Coral material. I mailed him the documents on the deal that I had gotten from my FOIA work at ADFA.

Later, he called me to tell me that I would be credited in the report for having provided the HBC with the information. Ganis said that it would be convenient for him to credit me because he had also obtained the Coral documents from another source that did not wish to be identified. I asked why the information was being included in the report, and he said that at first he didn't think much about the Coral/ADFA/AIG deal. Then he said "later I found out something about AIG that I hadn't know before" but he wouldn't tell me what it was.

After the phone call about the Saudi Arabian, Steve seemed to be more positive about the direction of his search. He would never tell me directly what he was finding. He would only say that the Mena story would be far from over when his report was finished.

All through 1997 we waited patiently for the investigation and the report to be completed. And all during this time there were continuing contacts between Steve Ganis and people in Arkansas. It was getting to be a long effort, much longer than we had initially expected.

In one memorable e-mail to me, Steve compared writing the Mena report to Edward Gibbon writing the "Decline and Fall of the Roman Empire".

At the time we thought that a long investigation and report was a good sign, it showed that Jim Leach really wanted to get it done right.

But as the months went by, and there began to be fewer and fewer contacts between Steve Ganis and the Arkansas sources, we began to wonder when we would see the results of his investigation.

After all, by this time, late 1997, the investigation had been going on for more than two years. We had been expecting the report at any time since the fall of 1996. I started to worry when Jean Duffey told me that the word on the street in Washington was that Leach was going to bury the report since the evidence uncovered was all against George Bush and not Bill Clinton. That bit of intelligence turned out to be almost true.

Ganis had always maintained that it was Leach himself that he had to appeal to in order to get support for carrying on the investigation. We knew as well that there were other people on Leach's staff that didn't want to continue, including Gregory Wierzynski and Jim Clinger.

According to Ganis, Leach was dedicated to getting to the bottom of the Mena mystery. And we believed he was telling the truth. Leach had always had a good reputation in the Congress for being an honest man. Everyone said that Jim Leach wouldn't cover up anything.

POLITICS OVERRULES THE TRUTH

Then in December of 1997, a very ominous sign occurred.

In the middle of the Clinton-Starr battles over Whitewater, the HBC held a press conference in which they said that their investigation had not yielded any information on Bill Clinton. This did not bode well.

The investigation had been billed as an effort to get to the bottom of the Mena allegations, not to get Bill Clinton. Leach's statement was an obvious ploy to put the press off the story of the investigation.

Without imparting any other information to the media, no report, and certainly not any information on what may have been uncovered about George Bush and Barry Seal, the HBC threw a bare bone to the myopic media.

George Bush Sr. was always the more likely to be culpable in the bi-partisan corruption called Mena.

The Arkansas Committee had labored in vain to explain this point to various reporters in New York and Washington, who were always looking for a quick sensation.

The HBC effectively mis-directed the whole Washington-New York press core.

Unasked questions might have been, "If you found nothing on Bill Clinton, then what did you find on George Bush?" or, "If you found nothing on Bill Clinton, where's the report that says you found nothing on Bill Clinton?" or, "You've told us what you didn't find, so will you now tell us what you DID find?"

From this point on, the HBC was actually stonewalling, and Leach knew what he was sitting on, and whom it would benefit to keep it under wraps.

George W. Son-of-Bush, already known to be gearing up a campaign for president.

With this unsettling sign that things were going wrong, I tried to talk to Steve Ganis about the situation. He avoided talking to me as much as possible, and on the rare occasions that I did get to talk to him he would assure me that everything was all right, the report would indeed be released some time soon.

In one phone conversation Steve described the report to me. It had chapters on Mena before Barry Seal, chapters on Mena during Barry Seal, and chapters on Mena after Barry Seal. He told me to be sure to read carefully the footnotes as they were very important and just one of the chapters had about four hundred of them.

In desperation, in the summer of 1999, a year and a half after the investigation and the report by Steve Ganis was completed, I sent a futile "Freedom of Information" request to the

HBC only to be informed that Congress had exempted itself from the FOI law. Typical. The HBC's letter went on to say that the investigation and the report had been delayed by the tardy reply to requests that the committee had sent out to the various federal agencies involved, and that IF the report was to be released, then I would certainly be allowed to receive a copy.

This news was followed again by calls to Steve Ganis during which he would try to reassure me that the report would be released. I discussed the non-release of the report with Bill Duncan. Bill was of the opinion that we had to trust Steve. I agreed with Bill as it seemed to be the only option. Steve Ganis was, and is, the only person in the government to give us any support. We believed that he would not stand for a faked report being released over his name. We hoped that in the event that his report was not released that Ganis would come to our defense and stand up for his findings. I would have been even less optimistic than I was had I known at the time what I was later told by both Bill Duncan and Russell Welch.

Ganis had told both the former lawmen that he had been personally frightened during his investigation. That he felt that his investigation had been interfered with by unknown persons, and that he thought people were trying to intimidate him. Given that sort of harassment, Ganis would have wanted protection, and Jim Leach was the only person who could have provided any.

In any case, we kept up some hope that perhaps Leach would at some time release the full report. Perhaps he was waiting for just the right moment we thought.

But in my mind, it was clear that "things" had gone wrong. On the other hand, Ganis still held all the cards. He knew the truth, whatever it was, about what he had actually found in his investigation. I wanted to know what he knew about Seal and Mena and all the rest, we all did. And Ganis had always been friendly and we liked him. So we kept up hope that something would still be forthcoming. We hung on.

GANIS LEAVES THE COMMITTEE

Then, in the July of 2000, something started to move.

The presidential race was on, with Bush and Gore the nominees for the Demopublicans.

Leach's six year tenure at the HBC was almost up, and we got word from Steve Ganis that he was about to leave his job at the HBC. I freaked out. With Steve Ganis gone from the HBC, we didn't have any contacts there, and there would be little to no chance that we could get any cooperation from anyone else.

Dave Runkle, the PR man for Leach, affectionately known as "marble mouth", never knew what was going on with the Mena report, and always gave us the standard claptrap. Near the end he took to saying that the report "may not be released" but refused to give any reason why.

That week, a series of phone calls took place between myself, Steve Ganis, and a cool character from upper New York state named Mario Calabrese. Calabrese had been following the progress of the Mena story since the early nineties, and had been hammering on various federal agencies trying to get information on Mena. I had talked to him on the phone several times. He just happened to be in Washington that week, working a part-time summer job, using the opportunity to try and lever some documents out of the CIA and the Leach committee.

He called me that last week in July to ask me about Greg Wierzinsky. I asked him why he was trying to talk to Wierzynski, and he said that he was hoping to get some information on the Mena investigation. I told him that Steve Ganis was the guy he should be talking to, and that in fact at that very moment I myself wanted desperately to talk to Ganis in person. I had asked Steve on several occasions to give me a time when the two of us could meet in Washington. He had always put me off. But now at least, Mario was there in the living flesh, and maybe he could tell me what was happening.

Calabrese went down to the HBC that week to find Steve Ganis.

Tuesday went by, Wednesday went by, and finally on Thursday, he got to talk to Ganis.

Calabrese found him in a press conference on a bill that Ganis had helped Leach put together. Later, they went out to eat and Calabrese and Ganis talked about the report. Calabrese conveyed to Ganis that we in Arkansas felt cheated by Leach and the HBC, and Ganis said that he understood. Ganis also told Calabrese some of the things that were in the report on Mena. Calabrese called me to convey the information. He gave me Ganis's e-mail address.

GANIS TALKS

Finally, on Wednesday, August 2, 2000, Ganis called me himself. We talked for over an hour on the phone. Steve was concerned that I not stir up a mess about his leaving the HBC without the Mena report being released. He tried to reassure me that the report would still, after all, be released, and so I shouldn't cause any trouble for Leach, that might just make him change his mind. He said that Leach had promised him that the report would be released – after the election.

I interpreted all this to be a reaction to my furious phone calls to the PR man for Leach, David Runkle. I figured that Ganis was trying to make an exit from the HBC and the whole investigation and wanted me to chill any actions that might make it harder for him to reestablish himself.

Of course, I didn't believe Leach would release the report after the election, but what choice did we have? And besides, what was four months compared to the 15 years since Seal was gunned down?

I didn't want (and don't want) to make Ganis an enemy. He is the guy who did the job. He's our hero.

Ganis also talked to me for some time about the contents of the report. He said that the report had been finished in late 1997, and no more work had been done on it after that time. He said that he couldn't nail Bill Clinton for being in on Mena, and that he was not able to prove that Seal was flying guns down to the Contras, he said that the trail was just too cold. That's what he didn't find in his investigation.

But what did he find?

Ganis's main results (to the extent that he told me his main results) are revealing to say the least.

Ganis told me that he proved that Barry Seal had been flying cash money to the Contras. He had traced sums of money from Barry Seal's bank account in Twin Cities Bank in Little Rock, by amounts and dates, to the bank records of the Contras. Some of the money he thought might have come from a source in Saudi Arabia.

Barry Seal was far more than a dope smuggler who got caught and was eventually killed. Ganis had deposed Oliver North on the subject of the exact means by which the Contra's received their financial support from the National Security Council group, and North would not respond.

Ganis told me that his results suggest that Barry Seal was part of a covert action group reporting to the Vice President, George Bush Sr., and was using the status of "turned DEA asset" as a cover.

Ganis found that Barry Seal was involved in a covert action to infiltrate Fredirico Vaughn into the Sandinista government.

The report also includes additional information linking the Carver ranch in Belize to the Contra army. The Carver ranch was also linked to Dan Lassater and Barry Seal. This information is far from exculpatory where Clinton and Arkansas are concerned, as anyone who has followed the trail of this case can tell you.

If Ganis failed to get a smoking gun on Clinton, a la the Watergate Tapes, he certainly did not exonerate Bill Clinton of the charge that he protected the operations at Mena.

There is evidence in the report linking Barry Seal to the Contra support movement in Miami Florida, and also that Barry Seal was recruiting pilots for the "Enterprise" of Secord, and North, et. al.

The Mena report also contains information on events at the Mena airstrip after the death of

Barry Seal. Included in the report is information on the C130's at Mena and operations in Angola, Africa.

And the report has something in it on the mysterious transaction between ADFA and AIG, the international insurance company.

Ganis said that though he didn't know why, Leach had insisted on putting the AIG/Coral reinsurance information in the Mena report.

Perhaps now there is some reason to understand Leach's insistence.

The Mena report is quite simply, political dynamite, and it has the name BUSH written all over it.

I wonder what the payoff for Jim Leach is going to be for burying the Mena investigation results.

So there you have it folks, and as it stands right now, Steve Ganis is incommunicado.

He has disappeared and is in the wind, as they say on the outlaw trail.

For anyone who has been paying attention, the crucial questions are as follows,

Where is the report of the Mena investigation?

And where is Steve Ganis?

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