

My Friend:

This brief letter is being delivered via a trusted courier who has no knowledge of the contents but who can help carry out some of what this letter is about. He should not be made aware of the specific details in this letter.

along the border
offer
the
of

~~The situation in the northern area of Nicaragua is becoming more and more delicate. The Sandinistas continue a massive buildup and now have between 45,000 and 60,000 troops in the area as shown on the enclosed map. Nearly one third of the entire EPS is now in the vicinity of the frontier. The following points are relevant:~~

- The Sandinistas have moved additional helicopters and fixed wing aircraft to Esteli. They also have accepted delivery on two more MI-8 helicopters at Corinto last week.
- They have instructed their units to operate in the border region in small task forces and to continue mining the trails coming into Nicaragua from the border bases. They are telling their small unit commanders that the next 60 days are critical. ~~I continue to believe that~~ Major rocket and artillery attacks against Las Vegas, Banco Grande, and La Lodosa are ~~planned~~. ~~I also believe that~~ MINOS and ~~the~~ special troops will ~~make~~ raids against these bases. At the very least, they will be used in the next few weeks against the FDN task forces operating in the northern regions.

see also
likely
to be
used for

On the brighter side, the following information, some of which you may already know, is very important:

- ~~_____~~ has agreed to approve the arrival of FDN supplies on a blanket approval basis. They are willing to provide end-user certificates for munition orders. ~~We need _____ at _____ a hurry.~~
- They are willing to continue to loan the FDN munitions when your supplies get unacceptably low and to sell essential quartermaster supplies.
- The Hondurans will also make available trucks to move FDN supplies from points of arrival all the way to Las Vegas.
- ~~_____~~ is going to meet next week with the ~~_____~~ Minister of Public Works ~~_____~~ to arrange for the repair of the road between Las Vegas and Cifuentes. Supposedly, they will charge only for the cost of fuel and drivers.

And now the best news of all:

Next week, a sum in excess of \$20M will be deposited in the usual account. While this must be husbanded carefully, it should allow us to bridge the gap between now and when the vote is taken and the funds are turned on again.

EXHIBIT
3-27-83

BKD
12-1-83
125

So that we have a plan, I propose the following steps as highest priority:

The forces in the northern part of Nicaragua need to be dispersed so that they are not caught in the firestorm as the Sandinistas intend. On the map, I have marked several areas in yellow where there are no Sandinistas and good protection from the helicopters and bombing raids. If the high ground can be guarded, then those who harbor in those areas will be safe. The Sandinistas cannot endure much more than 60 days in the northern region without seriously complicating their own resupply problems.

Meanwhile, the forces and volunteers who have arrived at Las Vegas can be outfitted, provided with some training, and inserted into the eastern region marked in yellow as a means of reducing the population in the Honduran camps. Next week, I will try to convince [REDACTED] and the others that they should allow 2,000 FDN at a time in the border camps. If a regular resupply program can be established using what will be deposited next week, we can start a regular logistics program of one flight every 10-15 days and the steady movement of supplies and ammunition to the forward bases.

Most important is saving the force from what I believe will be a serious effort to destroy it in the next few weeks. While I know it hurts to hide, now is the time to do it. While they are hiding, the man who is carrying this message can start the regular resupply process. I believe it would be wise to dedicate as much as \$9-10M for nothing but logistics. To coordinate a major effort such as this, I strongly urge that you bring aboard a logistics expert who is both knowledgeable and trusty. The courier should be able to help with this.

The battle plan for the near future should involve getting as many as possible out of the border camps and hiding them perhaps in the areas I have shown, while the logistics program is established. Once the regular resupply system is in place and the troops familiar with a rotation system of 1,500-2,000 being resupplied each week, attacks can be launched with great vigor against the Sandinista rear, hitting them hard as they phase down in frustration from their current operations and striking at selected strategic targets with your enhanced capability.

This new money will provide great flexibility we have not enjoyed to date. I would urge you to make use of some of it for my British friend and his services for special operations. I can produce him at the end of this month. Lastly, we may have to very soon assume the cost of what the company is providing to

Arturo. You and I both recognize his value and limitations. Some in our Congress are aware that the company is paying him and have threatened to expose the connection. This could be devastating to our forthcoming campaign to restore the funding. I will find out how much he is getting and let you know, but it seems as though something should be set aside for this purpose.

Finally, we ought to look at a maritime capability and something on the southern front. I had a very useful meeting with the Security Minister of the place down south. He has agreed to meet with you very discreetly, I will let you know when this can be arranged. He is anxious to help, but only if it can be done without exposing him or making operations visible in his country.

Request you advise me soonest regarding the deposit and destroy this letter after reading. The map can be passed Enrique, with my best wishes. Please do not in any way make anyone aware of the deposit. Too much is becoming known by too many people. We need to make sure that this new financing does not become known. The Congress must believe that there continues to be an urgent need for funding.

Warm regards,
Steelhammer

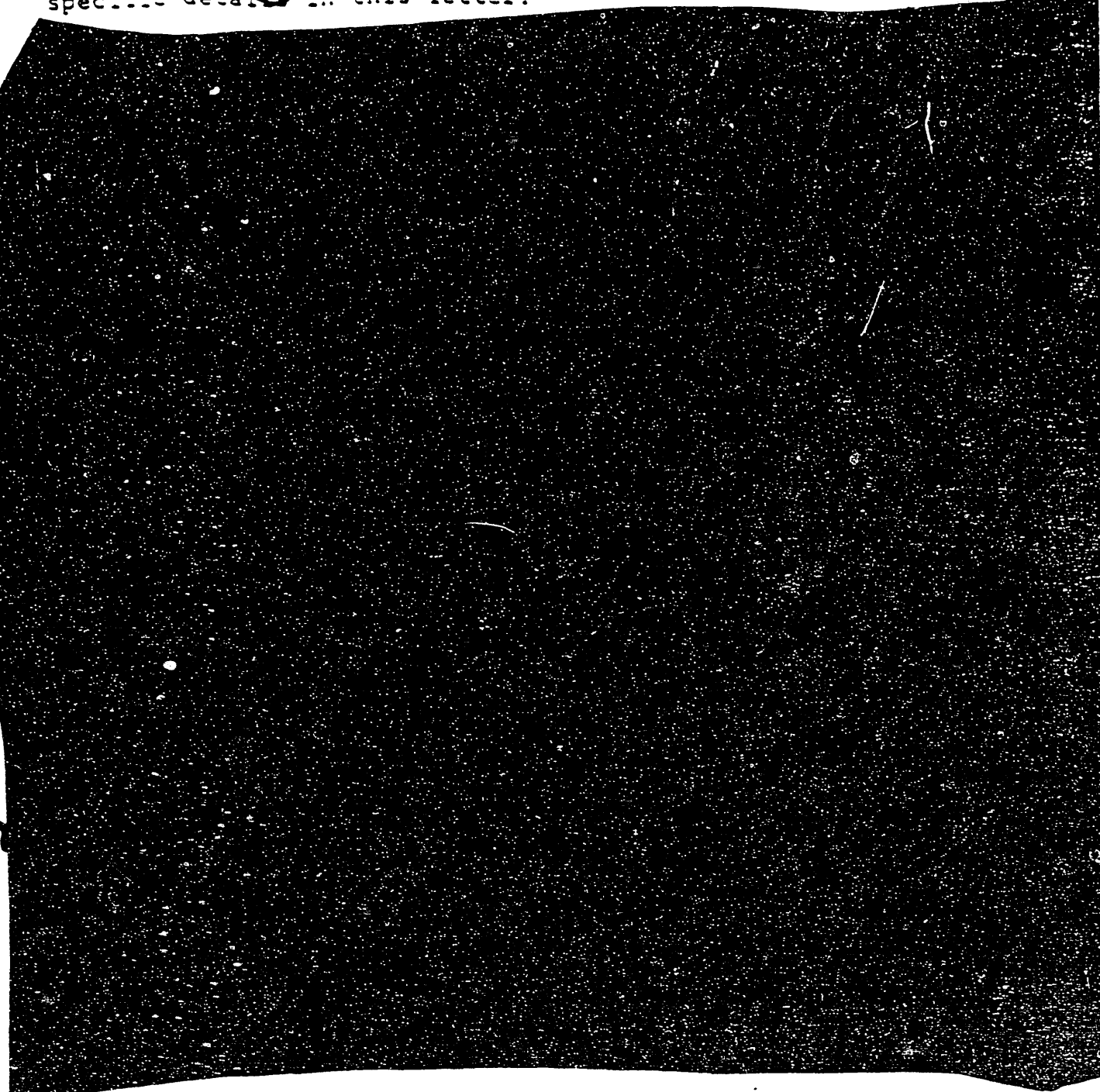
EXCISED COPY FOLLOWS

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Partially Declassified by Release on 12/16/1987
10/15/88
10/15/88
10/15/88



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EXHIBIT
RWO-3

UNCLASSIFIED

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BKJ
12/16/87
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So that we have a plan, I propose the following steps as highest priority:

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[REDACTED] If the high ground can be guarded, then those who harbor in those areas will be safe.

Meanwhile, the forces and volunteers who have arrived can be outfitted, provided with some training, and

[REDACTED] If a regular resupply program can be established using what will be deposited next week, we can start a regular logistics program of one flight every 10-15 days and the steady movement of supplies and ammunition to the forward bases.

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[REDACTED] You and I both recognize his value and limitations.
Some in our Congress are aware [REDACTED]

[REDACTED] This could be
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