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(G. Allen 21)

The Secretary of State told the Board that, on July 2,

Mr. Armacost wrote me a memo, informing me "that there is renewed 'conjecture' that the NSC-sponsored search for a U.S.-Iran deal for hostages will produce an early result. The story is that one hostage may be released tomorrow in Lebanon."

Arms were not mentioned. I do not recall having seen this memo, but this reported "conjecture" would have added nothing to my knowledge of the matter. You heard this from time to time.

(Shultz, SRB, 56)

In the middle of July, two senior foreign government officials visited Tehran. One of them reported a feeler by Rafsanjani to the effect that the Americans knew what had to be done to improve relations. North wrote Poindexter on July 10 that:

[y]ou will recall that several months ago the [name deleted] initiated direct discussions with the Iranians on the matter of our hostages. This is the third such overture they have made on our behalf. In addition to the information in the cable, . . . [of the [country deleted] Embassy in Washington] made the following comments:

—The perception of a Soviet threat to Iran is a concern that has reached the highest levels of the Revolutionary Government.

—There are obviously members of the Iranian Government who foresee the possibility that "given the right conditions" Iran could "cause the release" of the American hostages.

—Although none of the Iranian officials responded positively to [Director General of the [country deleted] Foreign Ministry's] suggestion that direct secret discussions be initiated between the U.S. and Iran, it was not rejected.

effort to secure the release of a hostage. He asks Allen to refrain from informing North since he does not want to raise North's "hopes too high." When Father Jenco is released, North again resumes direct contact with Nir." (CIA/IG Chronology 27)

Rafsanjani noted that "the U.S. Government knows what it should do."

—The [country deleted] have clearly explained to the Iranians that they are reporting directly back to the American Government on these contacts.

From this and earlier meetings, it is apparent that the [country deleted] have been able to establish and maintain a direct link at the highest levels of the Iranian Government. Given the stalemate on other initiatives and our inability too ensure that we are in direct contact with responsible Iranian officials we may be able to use this most recent [country deleted] visit to Tehran as an opportunity to establish such a contact. [Name deleted], who has acted as our conduit for these matters, has suggested that they have the ability to pass a secure communication directly to Rafsanjani through their ambassador in Tehran.

It is important to note that, during the meeting, [name deleted] pointedly asked whether we had conveyed our willingness to eventually normalize U.S.-Iranian relations when our "officials were in Tehran." A direct response was avoided and [name deleted] was advised that our willingness to talk with the Iranians is "common knowledge." It is disturbing that the visit may also be common knowledge.⁷⁹

North proposed sending the following message:

We have reported the results of the June 27-29 discussions to the American Government and they have asked us to relay the following message in highest confidence. The highest levels of the American Government are prepared to open direct and private discussions with responsible officials who are empowered to speak on behalf of the Iranian Government. They have asked us to tell you that under the right conditions, the American Government is prepared to take steps leading to a

⁷⁹ On June 29, 1986, a column by Jack Anderson and Dale Van Atta in the *Hawkington Post* stated: "We can reveal that the secret negotiations over arms supply and release of American hostages have involved members of the National Security Council and a former official of the CIA."

normalization of relations between your Government and theirs. If you are agreeable, a senior American official is prepared to meet with responsible representatives of your government at the time and place of your choosing. They are prepared, as you have suggested, to make an appropriate gesture of goodwill.

(North to Poindexter, 7/10/86, "Non-Log") In his memorandum to Poindexter, dated July 17, North indicated that Poindexter approved sending this message.

On July 17, North reported a second opportunity for direct contact with the Iranian government to Poindexter. The Secretary of State had been given a memorandum by a foreign official on "US-Iran Relations," reporting a recent conversation in Tehran.

At the conclusion of my discussions in Tehran, Dr. Larijani, Irani Deputy Foreign Minister stated that he wanted to raise a matter that was highly sensitive. He requested that it should be treated with appropriate confidentiality and that I should convey it in [country deleted] at a 'suitable' level. Larijani added that he left it to [country deleted] to decide the level at which to raise the issue with the Americans.

2. Larijani said that since the beginning of the Irani revolution, the United States of America had adopted an implacably hostile policy towards Iran. Apart from attempts at physical intimidation, the Americans had tried to undermine the Irani revolution through various means and especially by giving moral and material support to Iran's enemies. Larijani said that the Americans should appreciate that the Irani government and people could not compromise on the Irani revolution which had been brought about through supreme sacrifices by the Irani people. They would defend the revolution to the last drop of blood.

3. The American government should appreciate, however, that Iran and America shared similar strategic interests in the region. The danger of pro-Soviet, Marxist interests asserting themselves in the region was growing rapidly. After Afghanistan, the Marxists had taken over in South Yemen.

Pro-Soviet, Marxist elements were strongly entrenched in other countries in the region and especially in Egypt, North Yemen, Kuwait and Iraq. Even in the Gulf countries there was disillusionment with the established order which could be overthrown by forces that would adopt an anti-US and pro-Soviet policy. Iran viewed these developments with concern. Iran felt that, despite its physical resources, the United States would not be able to influence developments especially, at a time of internal convulsions. Iran, on the other hand, had a greater capacity to influence and pre-empt such developments.

4. Larijani's remarks indicated that, despite Iran's rhetorical invective against USA, Iran wanted an easing of relations on substantive matters with USA and that Iran wanted [country deleted] to play the role of intermediary in attempting a better understanding with the American government.

(Tab II to North to Poindexter, 7/17/86)

In his covering memorandum, which was labeled "Non-Log," North wrote:

When we first commenced direct discussions with the Iranians, we established an immediate objective of recovering our hostages and longer-term goals of ending the Iran-Iraq war and normalizing the U.S.-Iranian relationship. . . . To date, we have been unable to establish a direct contact with Iranian officials who are willing/able to take such steps.

It is entirely likely that the visit of [the foreign minister of a friendly nation] presents an opportunity to have him contact appropriate Iranian officials with a message from the USG. The memorandum provided to Secretary Shultz by Larijani . . . indicates that various officials in Iran do indeed wish to establish such contact.

When we first discussed this matter, it was indicated that the point of contact for [a foreign official] to deliver our message would likely be Musavi-Khamenei, the Iranian Prime Minister. Given Musavi's radical past, it is unlikely that he would be as positively disposed as Rafsanjani, who is more

widely known as a "pragmatist." In a meeting this afternoon with George Cave, he volunteered that it was "too bad we did not have enough trust [in this country] to carry a message to Rafsanjani, since they are apparently close." Cave is unaware of this initiative.

In order to insure consistency with the earlier message delivered by [an official of a second friendly country] and messages we hope to have delivered by other trusted interlocutors, a verbatim message rather than talking points has been prepared. . . . At this point, two actions need to be taken:

—Secretary Shultz should review the proposed message at Tab III and, if he concurs, it should be passed to [the foreign minister of the first friendly nation] for personal delivery to the Iranians.

—We should seek to have the message delivered by [him] to Rafsanjani rather than Musavi.

(North to Poindexter, 7/17/86)

C. Jenco

Whether or not Poindexter acted on North's proposals to try to use these two nations' access to the Iranian government, on July 21, the United States obtained a clear indication that a hostage might be freed soon. North reported that:

We have just been told by Nir that "the Iranians claim to have taken action this morning to release one hostage." . . . I have asked CIA to alert [appropriate personnel in] Beirut and no others to the possibility in order to preclude a repeat of July] 4. We have not put any other USG assets on alert. RELATED SUBJECT: Absent further developments on this approach, George Cave will proceed to Frankfurt to meet w/ Tabatabai,⁸⁰ the cousin of the man I met w/ here. T is allegedly well connected to Rafsanjani and several other of the so called "pragma-

tists." Purpose of the meeting is to determine T's real access and willingness to act as an interlocutor. If bona fides prove out he could also be used to pass the same message we sent back via [a third country]. In that regard, who was [that country's emissary] to give our message to on the Iranian side?

(North PROF note to Poindexter, 7/21/86, 18:04:38) Poindexter informed North the same day that [the emissary] was to pass the message to "the Iranian FM [Foreign Minister]. Don't tell anybody including Cave about this." (Poindexter PROF note to North, 7/21/86, 20:10:14) North in turn replied:

Roger, WILCO. Am concerned, however that if tonight's [information] does indeed bear the fruit promised, that we may be confusing an already difficult situation. Maybe that's not as bad as it might otherwise be since those guys will all get the message eventually if anything develops.

(North PROF note to Poindexter, 7/21/86, 20:20:23)

On July 25, Poindexter wrote North:

Bob Oakley must have told Shultz about a discussion that took place in OSC. Shultz called me about a Cave meeting in the next few days. I vaguely remember that you told me something about this. George just wanted to be sure that we did not have any disconnect between what [the emissary] will be telling them and what Cave tells them.

(Poindexter PROF note to North, 7/25/86, 11:33:17) In his reply, North reminded Poindexter where the various communications stood.

Cave is meeting w/ [a relation of a powerful Iranian official] and Tabatabai to determine level of access and current political sentiments toward the present regime [sic]. He was prepared to pass a message identical to the one we sent thru [a friendly foreign official] but I held it back when you advised that the FoMin, not Rafsanjani was to be the recipient. We have likewise sent no message back thru [the other friendly government]. At the present, the

only active courier is [the emissary of the first country] and the only recipient is the FM. Cave will report his findings when he returns from Frankfurt and we can then determine whether we wish to use any of these new contacts as interlocutors. Also related: Nir and [the official in the Iranian PM's office] are both out of their respective pockets. Charlie agrees that it is entirely possible that they are meeting in Europe.

(North PROF note to Poindexter, 7/25/86, 18:43:42)

On July 26, Father Lawrence Jenco⁸¹ was released. McFarlane wrote Poindexter: "Bravo Zulu on Jenco's release. Do you correlate this to the anxious calls that have come since the trip to Iran and our insistence that they move first? Or is it really a Syrian effort?" (McFarlane PROF note to Poindexter, 7/26/86) ⁸¹ Poindexter explained how it had come about in his reply:

Thank you. It is directly related to your trip out there. The Syrians only entered at the last minute. Gorba finally convinced [his Tehran contact] after numerous telephone calls that they should come forward with a humanitarian gesture. Gorba either on his own or as Nir's agent is out a lot of money that he put up front for the parts. [the Tehran contact] has been unwilling to pay him since all of the material has not been delivered. Gorga [sic] has cooked up a story that if Iran could make a humanitarian gesture then the US would deliver the rest of the parts and then Iran would release the rest of the hostages. Of course we have not agreed to any such plan. Nir and Gorba are in London. [The Iranian official] is enroute [sic]. I am trying to decide whether to send Ollie and George Cave. The problem is that if parts aren't delivered, Gorba will convince [his Tehran contact] that we welched on the deal. Although through several conversations Cave has repeated to [the Tehran contact] what our position has been—all of the hostages

out before anything else moves[,] I have aboutdecided [sic] to send Ollie to make certain our position is clear. It seems to me that we may have some leverage over [the official in the PM's office] now since he is out on a limb in Tehran and may fear for his own safety.

(Poindexter PROF note to McFarlane, 7/26/86, 14:58:07)

McFarlane agreed with Poindexter's approach.

I agree with your strategy; to send Ollie and to reaffirm our position. Of course the unknowables are: 1. Do they—as they have said—no longer have control over the others (Itend [sic] to believe they do still have control over all; Jenco ought to be able to throw some light on that). 2. Will [the Iranian official] have the courage and influence in Tehran to be able to recommend the release of allwithout [sic] something coming from us. I tend to doubt it. He is a simple [person] way over his head and afraid of his own shadow; not the kind to take risks or to trust foreigners he cannot begin to understand. But it is likely that the higher ups—[a senior foreign policy advisor] (the most senior guy we met) will understand and respect that we are sticking to our original position. Over time, constancy is respected. 3. Finally however, there is the risk that even the higher ups will see no great downside in killing one of the remaining hostages. I'm afraid that's just a risk we will have to run for to do otherwise will lead to a thousand reoccurrences [sic] of this scenario in the months ahead as they see that we really can be strung out.

(McFarlane PROF note to Poindexter, 7/26/86, 21:53:58)

On July 26, the day of Jenco's release, Poindexter "[b]riefed [the] President on secure phone," (Poindexter, handwritten note on North to Poindexter 7/26/86), from a paper by North on "what we know of the Jenco release," for Poindexter to give the President. (North to Poindexter 7/26/86)

The release of Father Lawrence Jenco is a second positive step in our protracted and

⁸⁰ According to North's desk calendar, North met "Tabatabai," possibly with Senator Helms, on June 27.

⁸¹ North apparently received a copy of this message. He wrote McFarlane: "[t]he bottom line is that this is the direct result of your mission and neither the Syrians nor a non-existent Casey trip had anything to do with it." (North PROF note to McFarlane, 7/29/86, 20:36:04 (reply to note of 7/26/86, 13:51))

difficult dialogue with the Iranians. Father Jenco's release undoubtedly comes about as a result of Bud McFarlane's trip at the end of May and the continuing direct and indirect contacts we have had with Iranian officials. Our Israeli contacts and the Iranian intermediary in Europe advise that the Iranian Government now expects some reciprocal move on our part—though exactly what, we are uncertain.

[Available information] indicate[s] that the decision to release Father Jenco was made in Tehran on or about July 21. On Wednesday, July 23, our Israeli point of contact advised us that "if, as we hope, a hostage is released, it will be Jenco." It was also on this date that the Israeli point of contact (Amiram Nir) told the Iranian intermediary in Europe that the USC was breaking off all contact on this matter. We have also learned that July 24 was a key date in the most recent release:

—The Iranian Government paid their European intermediary \$4M on Thursday, July 24, as partial payment for HAWK missile parts which were removed from our mission aircraft at the end of May. (It is important to note that in order to pay the Israelis for the HAWK missile parts, the Iranian intermediary in Europe borrowed more than \$15M and has been under threat of death from his creditors. The Israelis regard this payment as further proof that the Iranians wish to continue the contact with the U.S. on the hostage issue.)

—Father Jenco has told Ambassador Eagleton . . . in Damascus that it was on Thursday, July 24, that he was separated from the other American hostages in Beirut and delivered to a location in the Bekka Valley. It was from this location in western Lebanon that he was subsequently released to Lebanese authorities, who in turn delivered him to a Syrian military checkpoint.

Our next step will be to have two USC representatives meet with the Israeli and Iranians in Europe, if possible, tomorrow in an effort to determine Iranian expecta-

tions. This is not a negotiating session, but rather an attempt to maintain contact and, if possible, assess how we should now proceed. To our knowledge, no new Israeli deliveries have occurred and all remaining HAWK missile repair parts are still in a covert depot in Israel.

(Tab I to North to Poindexter, 7/26/86)

With this memorandum, North attached a memorandum from the Director of Central Intelligence on the "American Hostages."⁸²

After discussing the release of Father Lawrence Jenco with Charlie Allen and Dewey Clarridge, I believe it is important that you have our assessment of this development and prospects for release of additional hostages.

First, it is indisputable that the Iranian connection actually worked this time, after a series of failures. You will recall that the [Iranian official]-Ghorbanifar connection also resulted in the release of Reverend Weir in September 1985. Syria played no role either in the release of Weir or Jenco. After the impasse in Tehran over in late May, [the Iranian official] continued to initiate direct contact with one of my officers, George Cave, even though the Iranians had been told that we were no longer interested in pursuing the matter. The fact that [this official] persisted in contacting us indicates his desire to arrange a "deal" with Washington either through Ghorbanifar or, if necessary, with Cave. He also clearly wanted to keep a channel open. Amiram Nir, Special Assistant to the Prime Minister of Israel on Counter-Terrorism, has also played a critical role in a determined effort to force Iran to begin the release of American hostages. He has been supported by Prime Minister Peres and Defense Minister Rabin in this endeavor. In order to make the terms of the arrangements more palatable, Israel, on its own, offered additional arms "to sweeten the deal."

[We received information on 21 July that the Iranian official] had taken action with

⁸² According to the CIA Inspector General, Charles Allen prepared this memorandum. (CIA/IG Chronology 28)

other Iranian authorities to release one hostage. To reinforce this commitment, he transferred \$4M to a West European bank to pay his European intermediary for the HAWK spare parts removed from our mission aircraft in May. On Wednesday, July 23, when no hostage had been released. Ghorbanifar was instructed to inform [the Iranian official] that "the deal was off." On Thursday, July 24, the Israelis [obtained information] indicating Jenco would be released.

In return for the release, [the Iranian official] probably expects to receive most of the HAWK spare parts not yet delivered, along with additional military equipment that Israel unilaterally has added to the arrangement. Once this equipment is delivered, [the Iranian official] stated that Iran would take action to obtain the release of one more hostage and would pay the remainder of the money owed to the Iranian intermediary for the HAWK spare parts. According to [our information, the Iranian official] apparently expects to then receive the two HAWK radars and the remainder of the HAWK spare parts, although it is unclear as to the timing of these additional deliveries. [The Iranian official], moreover, indicated a willingness to meet with U.S. officials again on these matters, either in Tehran or "somewhere else" — presumably Western Europe.

This is how we see the current situation:

—The Ghorbanifar-[Iranian official] connection has worked for the second time — and another American has been released.

—Ghorbanifar is an uncontrollable factor, but appears to respond generally to Nir's direction.

—Nir has every reason to work for further releases of our hostages. Peres and Rabin have put their reputation on the Ghorbanifar-[Iranian official] connection and support Nir fully in his endeavors. There would be a considerable loss of face for Nir and his superiors if the link were broken. This connection appears to be the only hope

they have for recovering their own missing soldiers.

—[The Iranian official] has now acted and likely expects the United States to respond quickly in turn by delivering most of the remaining HAWK spare parts. He probably believes the United States is also supplying the additional military equipment that has been promised.

—If the deliveries do not occur, [the Iranian official] will lose badly with his superiors in Tehran and matters could turn ugly, especially since the Lebanese Hizballah captors probably are not pleased with the Jenco release.

—If there is not USC contact as a result of Jenco's release, it is entirely possible that Iran and/or Hizballah could resort to the murder of one or more of the remaining hostages.

In summary, based on the intelligence at my disposal, I believe that we should continue to maintain the Ghorbanifar-[Iranian official] contact and consider what we may be prepared to do to meet [the Iranian official's] minimum requirements that would lead to release of the rest of the hostages. Although I am not pleased by segmented releases of the American hostages, I am convinced that this may be the only way to proceed, given the delicate factional balance in Iran. I also see resolution of the hostage issue as potentially leading to contacts with moderate factions in Iran that we may be able to deal with in the longer term.

(Casey to Poindexter, 7/26/86)⁸³

On July 26, North wrote to Poindexter that Cave is departing Geneva tonight to meet North/Secord in Frankfurt tomorrow (Sunday) morning. Nir and Ghorbanifar depart London tomorrow and have called

⁸³ The Maximum Version and the Historical Chronology both state: "On June 10, Majlis Speaker Rafsanjani, in a speech in Tehran made guarded reference to Iranian interest in improved relations with the U.S. On July 26, Father Lawrence Jenco was released in the Bekka Valley and found his way to a Syrian military checkpoint." (Maximum Version 8; Historical Chronology 13)

[Ghorbanifar's Tehran contact] to meet them in Frankfurt, GE, Sunday morning. The purpose of the meeting is to assess Iranian expectations and ability to release the remaining Iranian hostages.

(North to Poindexter, 7/26/86) North prepared talking points for the meeting, which Poindexter approved on July 26. (North to Poindexter, 7/26/86)

—You have seen the President's statement regarding the release of Father Jenco. This is very much in line with what your people had suggested.

—Our government remains prepared to open direct and private discussions with your government leading to a normalization of relations.

—We recognize the important role played by your government in the release of Father Jenco and regard this to be a very positive step.

—It is important that there not be any misunderstandings or false expectations regarding the release of Father Jenco.

—On every occasion, including our meetings in Tehran, we made it clear that we were not going to barter over the lives of human beings.

—While we are not empowered to negotiate with you regarding any further deliveries of materiel, it is important that you recognize that the understanding we proposed in Tehran is still operative. We have been instructed to report back to our government any changes to this proposal.

—We continue to believe that a direct channel of communication, which will prevent misunderstandings is important. As we indicated in Tehran, we are prepared to dispatch a secure satellite communications team to Tehran to facilitate this communication.

("North/Cave Talking Points," Tab II to North to Poindexter, 7/26/86)

North and Cave met with Nir and Ghorbanifar the afternoon of July 27. North reported:

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Lengthy meeting this afternoon with Gorba and Nir followed by discussion with [the official in the Prime Minister's office] via phone. Following are salient points. [The Iranian official] believes he has demonstrated his ability to perform and has expectations we are now prepared to deal. Despite our earlier and current protestations that we want all hostages before we deliver anything, this is clearly not the way they want to proceed. They see clearly that the ball is now in our court. In discussion with [the Iranian official] he repeatedly asked quote—"When are you going to deliver". While [the official] made no specific threat, he noted that he was under intense pressure and could not totally control events. We will call him back 28 July at 1100 Frankfurt time and urge that he come to Europe for a meeting and to do nothing rash in the meantime. We are trying to make this idea attractive—using [his interest in the U.S. establishing] a "special account" for him as an incentive. Jenco has expressed a desire to thank the three world leaders responsible for his release. The Pope, The Archbishop of Canterbury and RR. The first two intend to oblige. Can we deliver on the last? Unodir [unless otherwise directed] we will call [the Iranian official] in A.M. and urge him to meet us in Europe ASAP. Since it will take him several days to get authorization to come, we plan to return to D.C. via Pan Am 061 on 28 July and report to JMP in evening. Please advise via this channel if other instructions obtain. Warm regards. North/Cave.

Bottom line, is that if we want to prevent the death of one of the three remaining hostages, we are going to have to do something.

[Handwritten at bottom: "Put this in a sealed envelope and have Ollie pick it up" JP]

(Document misdated 6/27/86) Another version of this message contained the following:

P.S. Please call Dewey and tell him George will send hard copy to he [sic] and [C/NE, CIA DO] in A.M. via NIACT.

(Id.) Yet another version, bearing the word "done" with a tick mark next to the P.S., has the following handwritten note: "Read all to JMP, except P.S. 7/27 1830." (Id.)

According to North's calendar, North met Jenco in Germany on July 29. On the same day, he set forth his views on the next steps regarding hostages in a memorandum to Poindexter.

The debrief of Father Jenco has proceeded well and he continues to cooperate fully with our team. Though Jenco's geographic knowledge is understandably limited by the brief time he was in Beirut before he was seized and the conditions of his captivity, he has made every effort to answer our questions.

[Terry] Wate is accompanying Father Jenco to meetings with the Pope and the Archbishop of Canterbury on Wednesday and Thursday. Father Jenco is scheduled to meet with the President on Friday, August 1, at 2:00 p.m.

Based on information derived from the Jenco debrief, our discussions with Ghorbanifar, Nir, and [the Iranian official]; and the videotaped and private messages delivered by Jenco, we have drawn the following conclusions:

—Jenco was released as a direct result of action taken by [the official in the Iranian PM's office] on or about July 21

—Though Iranian influence over the hostage holders is still considerable, the captors themselves are increasingly disenchanted with the Iranian relationship:

—The delay between [the Iranian official's] "instruction" to the captors on July 21 and the actual release on July 24 was likely occasioned by the hostage holders need to find a new prison site, arrange for the videotape by Jacobsen, place their story in *An Nahar*.

—The Iranians have been unable to deter the Syrians from moving in strength against Hizballah strongholds in Lebanon.

—The continued reluctance of the Hizballah itself to follow precise Iranian instructions on how to release the hostages is seen as an indication of efforts by Hizballah to demonstrate at least partial independence.

—[The Iranian official] believed that he had consummated an arrangement with the Americans through Ghorbanifar on the terms for release of the hostages.

—[The Iranian official's] expectations regarding the immediate delivery of the 240 HAWK missile parts were apparently transmitted to higher authority in Iran. Discussions with [him] in Europe (Sunday, July 27) and calls from him today indicate that [he] is in considerable personal jeopardy as a consequence of not having received what he believed we promised.

—It is entirely possible that if nothing is received [the Iranian official] will be killed by his opponents in Tehran. Ghorbanifar will be killed by his creditors (they are the beneficiaries of a \$22M life insurance policy), and one American hostage will probably be killed in order to demonstrate displeasure.

—Although the Dawa 17 in Kuwait continue to be mentioned as the ultimate demand on the part of the hostage holders, Jenco himself does not believe this and we have not seen reference to this issue since our meeting in Tehran (Tab B).

It is obvious that the conditions for the release of the hostages arranged between Ghorbanifar and [the Iranian official] are unacceptable. Nonetheless, we believe that Ghorbanifar acted on what he considered to be the following arrangement:

Step 1: One hostage released and \$4M to Ghorbanifar for items removed from the aircraft in Tehran during the May visit (Ghorbanifar received the \$4M on July 28).

Step 2: Remainder of 240 parts plus full quota of electron tubes (Item 24 on Iranian parts list) and 500 TOWs delivered to Iran.

Step 3: Second hostage released and Ghorbanifar paid for remainder of 240 parts.

Step 4: 500 TOWs and 1 HIPAR radar delivered.

Step 5: Third hostage released and Ghorbanifar paid for one radar.

Step 6: Meeting in Tehran to discuss future followed by release of the last hostage and delivery of second HIPAR radar.

We believe that the mixture of HAWK parts and TOWs is designed to satisfy both the military and the revolutionary guards in Iran. At this point, [the Iranian official] will probably be able to retain his credibility if just the 240 parts are delivered from Israel. We believe that he can be convinced to follow-up this delivery with a meeting in Europe to discuss next steps.

At such a meeting, we should endeavor to produce a concrete schedule that is agreeable to both parties and which allows all remaining hostages to be released simultaneously. The Jenco release . . . indicate[s] that this is clearly within the power of the Iranians, if they are so inclined. While they will continue to haggle over prices, timing, and sequence, the delivery of the 240 should help to assure the Iranians that we will keep our word. It is important that a face-to-face meeting occur so that we can establish the terms rather than having Ghorbanifar negotiate for us. Finally, even after the parts are delivered, we still retain some leverage over [the Iranian official]:

—He has been told that we have video tapes and photographs of him meeting with us in Tehran and he is concerned that we could make these public.

—He also wants assurance of asylum in the U.S. should "things go wrong." He has been told that we are prepared to offer such and need to meet with him to arrange exfiltration procedures. We intend to use this ploy as a further reason for establishing a direct communications link in Tehran.

RECOMMENDATION

That you brief the President regarding our conclusions on the Jenco release as indicated above and obtain his approval for having the 240 HAWK missile parts shipped from Israel to Iran as soon as possible, followed by a meeting with the Iranians in Europe.

(North to Poindexter, 7/29/86) Poindexter initialed "Approve" and wrote: "7/30/86. President approved. JP." A member of the Hostage Location Task Force reported, on July 30, that

Charlie Allen advises that the President today approved further shipments of arms to Iran in response to the release of Rev. Jenco. Apparently, internal White House disagreements over who was responsible, the Syrians or the Iranians and, ultimately, the [Ghorbanifar-Iranian official] connection.

The Vice President was in Israel on July 29. While there, he met with Nir. The Vice President told the Board that, before the meeting, he had been uneasy, and tried to call Poindexter.

Failing to contact Poindexter, Mr. Bush spoke to North who indicated that the Israeli Prime Minister thought the meeting with Mr. Nir was important for the Vice President to meet with Nir. According to the Vice President, North had originally requested that the Vice President meet with Nir on the basis that the Israeli Prime Minister thought the meeting was important. North's position was apparently confirmed when after the meeting with Nir, the Israeli Prime Minister asked Mr. Bush how the meeting had gone. The Vice President indicated that there had been no discussion of the Nir meeting between himself and the Israeli Prime Minister.

(W. Clark McFadden II, "Discussion with the Vice President," 12/29/86) The Vice President expressed concern to the Board about what he perceived as the extent to which the interests of the United States

were in the grip of the Israelis. Now, according to the Vice President, the Israelis themselves may be in some sense seeking cover. Vice President Bush related that his

discussion with Mr. Nir was generally about counterterrorism. There was no discussion of specifics relating to arms going to the Iranians, e.g., the price of TOW missiles was never raised.

(Id.)

The Vice President's Chief of Staff, Craig Fuller, attended the meeting and memorialized it:

THE VICE PRESIDENT'S MEETING WITH MR. NIR—7/29/86 0735-0805

PARTICIPANTS: The Vice President, Mr. Nir, Craig Fuller

DATE/TIME: 7/29/86 0735—0805

LOCATION: Vice President's suite/King David Hotel, Jerusalem

I. SUMMARY. Mr. Nir indicated that he had briefed Prime Minister Peres and had been asked to brief the VP by his White House contacts. He described the details of the efforts from last year through the current period to gain the release of the U.S. hostages. He reviewed what had been learned which was essentially that the radical group was the group that could deliver. He reviewed the issues to be considered—namely that there needed to be an [sic] decision as to whether the items requested would be delivered in separate shipments or whether we would continue to press for the release of the hostages prior to delivering the items in an amount agreed to previously.

2 The VP's 25 minute meeting was arranged after Mr. Nir called Craig Fuller and requested the meeting and after it was discussed with the VP by Fuller and North. Only Fuller was aware of the meeting and no other member of the VP's staff or traveling party has been advised about the meeting. No cables were generated nor was there other reporting except a brief phone call between Fuller and North to advise that "no requests were made."

3 Nir began by indicating that Peres had asked him to brief the VP. In addition, Nir's White House contacts with whom he had recent discussions asked him to brief the VP.

4 Nir began by providing an historical perspective from his vantage point. He stated that the effort began last summer. This early phase he said "didn't work well." There were more discussions in November and in January "we thought we had a better approach with the Iranian side," said Nir. He said, "Poindexter accepted the decision."

5 He characterized the decision as "having two layers — tactical and strategic." The tactical layer was described as an effort "to get the hostages out." The strategic layer was designed "to build better contact with Iran and to insure we are better prepared when a change (in leadership) occurs." "Working through our Iranian contact, we used the hostage problem and efforts there as a test," suggested Nir. He seemed to suggest the test was to determine how best to establish relationships that worked with various Iranian factions.

6 Nir described Israel's role in the effort by saying, "we activated the channel; we gave a front to the operation; provided a physical base; provided aircraft." All this to "make sure the U.S. will not be involved in logistical aspects." Nir indicated that in the early phase they "began moving things over there." ⁸⁴

7 Before a second phase a meeting was desired. Nir indicated a February meeting took place with "the Prime Minister on the other side." Nir did not make it clear who else attended the meeting. He said the meeting was "dramatic and interesting." He said "an agreement was made on 4,000 units—1,000 first and then 3,000." The agreement was made on the basis that we would get the group," Nir said. "The whole package for a fixed price," he said.

⁸⁴ Charles Allen told the Board that he remembered the memorandum as reporting Nir to have talked about the Israelis initiating, taking the initiative, proposing this, sort of directing this. I think probably overstated my understanding of the situation.

Indeed, I think they were proposing it and pressing it on the United States, but based on my understanding and all the memoranda that I have put together is that Mr. McFarlane saw a real strategic need to pursue this effort.

And also, an ancillary aspect was to solve the hostage problem in order to move to broader relationships.
(C. Allen (2) 13-14)

8. Although there was agreement the other side changed their minds and "then they asked for the other items," according to Nir. "We were pleased because these were defensive items and we got to work with the military," said Nir. He continued, "there were 240 items on the list we were provided and we agreed to it."

9. A meeting was organized for mid May in Tehran to finalize the operation. The VP asked Nir if he attended the meeting and Nir indicated he did attend. Nir said, "two mistakes were made during this phase." "Two people were to be sent to prepare for the meeting but the U.S. had concerns about McFarlane," according to Nir. He described the meetings as "more difficult—total frustration because we didn't prepare." And he said, "their top level was not prepared adequately." During the meeting in Tehran the other side kept reminding the group that "in 1982 there was a meeting which leaked and the Prime Minister was thrown out of office." Nir said that at the end of the May meeting, "they began to see the light." "McFarlane was making it clear that we wanted all hostages released," Nir reported and, "at the last moment the other side suggested two would be released if those at the meeting stayed six more hours." According to Nir, "the Deputy Prime Minister delivered the request (to delay departure) and when the group said 'no,' they all departed without anything."

10. According to Nir, "the reason for delay is to squeeze as much as possible as long as they have assets. They don't believe that we want overall strategic cooperation to be better in the future. If they believed us they would have not bothered so much with the price right now." Further, according to Nir, "there are serious struggles now within the Iran power groups. Three leaders share the view that we should go ahead but each wants to prove his own toughness."

11. Turning to what Nir said was the final or most recent phase, he reported, "we felt things would just die if we didn't push forward to see what could be delivered. They

asked for four sequences, but we said no to talks until they showed something."

12. According to Nir, he told them about 10 days ago he would cancel the deal. Then nine days ago their Prime Minister called saying that they were taking steps to release one—the Priest. The second one to be released would be Jacobson. The Prime Minister also said that one would be released and then "we should give some equipment." Nir indicated to the VP that the bottom line on the items to be delivered was understood to be the same or even less but it was not the way the deal was originally made. The items involved spares for Hawks and TOWs. No denial or approval was given according to Nir. Nir said he made it clear that no deal would be discussed unless evidence is seen of a release.

13. On Tuesday or Wednesday a message was intercepted between Tehran and the guards according to Nir. On Friday, three hostages were taken out and on Saturday Janco [sic] was taken out, put into a trunk and driven to a village in the Bakka [sic] Valley. Nir then described what Janco reported with regard to the conditions under which he was held and what he knew of the other hostages including Buckley. (I assume we have detailed briefing already.) The VP asked Nir if he had briefed Peres on all of this and he indicated that he had.

14. Nir described some of the lessons learned: "we are dealing with the most radical elements. The Deputy Prime Minister is an emissary. They can deliver . . . that's for sure. They were called yesterday and thanked and today more phone calls. This is good because we've learned they can deliver and the moderates can't. We should think about diversity and establish other contacts with other factions. We have started to establish contact with some success and now more success is expected since if these groups feel if the extremes are in contact with us then it is less risky for the other groups—nothing operational is being done . . . this is contact only."

15. Nir described some of the problems and choices: "Should we accept sequenc-

ing? What are alternatives to sequencing? They fear if they give all hostages they won't get anything from us. If we do want to move along these lines we'd have to move quickly. It would be a matter still of several weeks not several days, in part because they have to move the hostages every time one is released."

16. Nir concluded with the following points: "The bottom line is that we won't give them more than previously agreed to. It is important that we have assets there 2 to 3 years out when change occurs. We have no real choice than to proceed."

17. The VP made no commitments nor did he give any direction to Nir. The VP expressed his appreciation for the briefing and thanked Nir for having pursued this effort despite doubts and reservations throughout the process.

BY: CRAIG L. FULLER [initialed:] "CF 8/6/86"

IX. New Wine in Old Bottles? July–November 1986

Jenco's release coincided with expressions of interest by Iranian officials in improved relations with the United States. At the same time, three Americans remained hostage in Lebanon. American officials, already dissatisfied with Ghorbanifar as an intermediary, were ready to try other channels of communication with Iran. American goals remained unchanged.

A. Sequentialism

Pursuant to the President's decision of July 30, 1986, on August 3, the United States delivered twelve pallets of HAWK spare parts to Iran. ("Adams" [Secord] to [North], 8/2/86) Israel provided logistical assistance. (CIA/IG Chronology 28; Maximum Version 8; Historical Chronology 13)⁸⁸ On August 2, Secord reported:

1. Planning to operate 707 TAIL No. EI-ptm fm Ben Gurion to Bandar Abbas.

⁸⁸ The Historical Chronology contains the following summary of events in August

On August 3, the remaining three pallets (less than 1/2 plane-load) of electronic parts for Iranian anti-aircraft defenses (HAWK missile sub-components) arrived in Tehran. As in all flights to/from Iran this delivery was made with an Israeli Air Force aircraft (707) using false flag markings. Timing of the

Cargo Wt. 48000 lbs. 12 Pallets. ETD 2400L–2100Z and ETA is 0730L–0400Z. Rt of flt is down red sea, East btwn S. YEMEN and Socotra to vic Char Bahar, Direct to Bandar Abbas. Expect EI-PTM to contact Bandar Abbas approach control, circa 0700L–0330Z on VHF 124.2 Pt. 2. Pls ensure authorities in Bandar Abbas know we are coming and are ready to off load and refuel the 707. Fuel is expected to be free as in the past. Past experience shows that the authorities at Bandar Abbas are not in the picture and much confusion results. pls get Sam [O'neil] to emphasize this to the Australian [coverterm for official in Iranian Prime Minister's office]. We wd like to get out of Bandar Abbas and

delivery was based on coordination among U.S., Israeli and Iranian officials

In early August 1986, the contact with the Iranian expatriate [Ghorbanifar] began to focus exclusively on the willingness of the USG to provide military assistance to Iran in exchange for hostages and we sought to establish different channels of communication which would lead us more directly to pragmatic and moderate elements in the Iranian hierarchy. In mid-August, a private American citizen (MGEN Richard Secord, USAF [Ret.]) acting within the purview of the January Covert Action Funding, made contact in Europe with * * * a relative * * * of a senior Iranian official * * *. With the assistance of the CIA, this Iranian was brought covertly to Washington for detailed discussions. We judged this effort to be useful in establishing contact with a close confidant of the man judged to be the most influential and pragmatic political figure in Iran * * *. These discussions reaffirmed the basic objectives of the U.S. in seeking a political dialogue with Tehran. We also provided assessments designed to discourage an Iranian offensive and contribute to an Iranian decision to negotiate an end to the war

(Historical Chronology 13) The Maximum Version of the delivery of spare parts omits the last two sentences in the first paragraph quoted above. (Maximum Version 8) The Historical Chronology added the following sentence to the second paragraph quoted above, from the Maximum Version (id. at 8-9): "The assessments also detailed the Soviet threat to Iran." (Historical Chronology 13)

Cave told the Board that "the decision to get rid of Ghorbanifar was on our part to clean this up operationally, so that we had better control." (Cave 25)

Furmark told the Board that, when he and Ghorbanifar discussed

"the inflated pricing" in August, Ghorbanifar said the money may have gone to the Contras, or the Afghans, or someplace. And he even said—and he said that North told him that now they've passed this bill, if we don't complete this transaction we'll pay you the money back, the \$10 million; they passed the Aid to the Contras bill—so Ghorbanifar said, if they never complete the deal we'll still get our money back because now they can, you know.

So that's an inference that the money was used and they'll repay it back.

(Furmark 17)

return here in Daylight hours. Pt. 3. 707 will transmit ops normal position reports in blind to IAF command post on HF/SSB Freqs Night: 8739 or 5605 or 10475 or 3115; Day: 8858 or 11290 or 12600. Reports will be given abeam jidda, socotra and approaching B. Abbas. Pt. 4. It is now 7 hrs til planned takeoff. If coord w/ Tehran cannot be accomplished, we plan 24 hr delay.

("Adams" [Secord] to [?North], 8/2/86)

Shortly before taking a vacation. North went to London on August 7. (North calendar) **

Toward the end of August, after returning from vacation, North reported to Poindexter the latest Iranian and Nicaraguan information.

We have had an intensive series of discussions w/ Nir, Gorba and [Ghorbanifar's Tehran contact] over the past 48 hrs. It is not clear whether Nir/Gorba are aware that we are talking directly to Basic proposal as outlined to you over phone remains unchanged; i.e., sequential release for sequential deliveries. We must, however resolve the problem of how to provide the parts which we promised but do not have in stock. [C/NE] has assigned an officer to work w/ Army logistics in an effort to find (or manufacture, if necessary) the missing/wrong items. Both Gorba and [his Tehran contact] have been told not to ship the 63 defective/wrong parts back and that we will backhaul them

** North requested travel orders to go to Frankfurt on August 6. According to the NSC staff Chronology of Events, dated 11/20/86, the first American contact with [The] relative occurred in London and Madrid on August 10. North wrote McFarlane on October 3 that [the] relative came into contact with us through Dick Secord who met him in Brussels while arranging a pick-up for our friends in a certain resistance movement." (North PROF note to McFarlane, 10/03/86, 22:08:16) North was on leave when the Director of Central Intelligence briefed Poindexter on Cave's meeting, July 25, with Tabatabai in London. Vincent M. Cannistraro of the NSC staff wrote Poindexter that Tabatabai "claims to be a channel to Rafsanjani and has passed the usual message via Cave that the Iranian government wishes to establish a regular channel to the U.S. but is constrained until after the end of the war with Iraq. (We also know that Tabatabai has made contact with some of the Iranian exile groups in Paris—particularly the Ab Amini crowd. His bonafides [sic] as an authentic channel to Rafsanjani, however, have yet to be proven)" (Cannistraro to Poindexter, 8/13/86)

on the next delivery. Copp has been told to keep a crew in readiness for a further mission and has been apprised of the general parameters of the arrangement. He notes that from a logistics perspective, the sequential arrangement is preferable in that it requires only one crew and one A/C throughout thus reducing visibility and enhancing OPSEC. We should have a better fix on availability of parts early in the week and meanwhile have told Gorba and [the official in the Prime Minister's office] that both sides should bring a technical expert familiar w/ the appropriate system to the meeting. [The Iranian official] told Geo. [Cave] this morning that it wd be best to bring an expert w/ us to Tehran for the meeting and he could see for himself what the problems are. Having discussed this proposal this a.m. w/ both Clarridge and Cave we all believe this to be the best course of action, especially if we can leave our "technical expert" and a communicator behind in Tehran. CIA is now looking for a good Ops officer who is familiar w/ the system. Dick already has one identified but CIA wd prefer to use its own officer if they can find one. We should get back to [the Iranian official] w/ an answer by Monday [August 25]. All of us rate the risk to be relatively low, particularly given the experience we had in May. If you approve, we wd use [false] documents (as we did in May) and go in via the Iran Air flight to/from Frankfurt. Estimated time on mission wd be two days. We wd plan to go over a weekend to reduce visible absence fm D.C. NEW SUBJECTS: . . .

On the hostages—I just don't know. One of the things that has concerned me for some time was the report that you got from Copp [Secord] about how the parts really help their problem for lack of test equipment, not ordering all of the right parts and the lack of knowledge of the system. If we get into a sequential arrangement, we really have to be prepared to deliver a lot more material and arrange a rather continuing technical agreement (Of course that could all be done, but after the hostages are released. I just don't see how

we can have such a continuing relationship until that happens. . . . Before we agree to a sequential arrangement I think we ought to straighten out our commitment on the 240—that alone will help establish our good faith that we aren't trying to cheat them. Then we should wait a bit and see what [a friendly country approach] delivers. . . .

(Poindexter PROF note to North, reply to note of 8/23/86, 15:52) On August 25, Secord met with the Relative of a powerful Iranian official (the "Relative").

Secord reported to North:

1. Following is summary report of three long meetings—total circa eight hours—with Iranian gp visiting Brussels. Meetings took place August 25 in three segments. Iranian side was [the Relative], and [a] former Iranian Navy officer—20 years—and alleged London businessman now—definitely an important agent for Rafsanjani gp and possibly Savama. Our side included me—true name—Abe [Hakim] in true name, and [another Iranian expatriate], our agent. Meetings constituted comprehensive tour de force regarding Iran/Iraq War, Iranian views of U.S. and other western policies, Soviet activities, activities of nearly all important Iran government figures, hostage matters, activities in the Hague, and Iranian forces equipment and materiel shortages.

2. Special interest items included claim that an "Al Haig gp" and "a Senator Kennedy gp" have recently tried to meet with [the Relative]—he has declined—he wants to deal with the Presidents [sic] representatives. [The Relative] is very sharp, well educated youngman [sic]—speaks no English. [He] is well-known favorite of [Majlis speaker] Rafsanjani . . . They badly need air defense items, armor spares, TOWs, gun barrels, helo spares, and tactical intelligence. I told them all things negotiable if we can clear the hostage matter quickly. [The Relative] knew great deal about McFarlane msn to Thn. He also knows all about [the official in the Prime Minister's office], Gorba, Israeli connection, and this gps financial greed. Gorba was nastly [sic]

classified as a crook. [The Relative's] wealth of current information but also volunteers to discuss hostage matter and USG connection with Rafsanjani in next 10 days. He will then return to Brussels for meeting with us. [The Relative] said categorically he would not screw up [official in Prime Minister's office, Cave] efforts but would carefully examine them for feasibility. [The relative] will recommend two courses to Rafsanjani:

a. Assist in current . . . effort [by official in Prime Minister's office] to release hostages or start new effort.

b. Provide us with current intelligence on their location, etc., . . . [The relative] says there are many specific things USG can do in the Hague and on Voice of America programming to help start USG/GOI talks—he will give us documents on these subjects at next meeting.

3. Numerous military supply problems were discussed and I will detail these for you later this week in Washington. FYI: They need oil barter deals.

4. My judgement is that we have opened up new and probably much better channel into Iran. This connection has been effectively recruited and he wants to start dealing. Recommend you plan on bringing George to next meeting in two weeks or less.

(Secord ("Copp") to North, 8/26/86) **

On August 27, the Relative informed Secord that the Iranians were trying to buy TOWs in Madrid at a cost of \$13,000 each. Secord thought it was "a big steal." The United States was not involved, and the Relative reportedly worried that the transaction could upset the

** An undated, unsigned note, adds a grace note to Secord's message:

[The Relative] claims he can be of great assistance in establishing the right relation. The Hague, he claims, is the best avenue

NOTE: The report goes into detail regarding the above 3 items.

E [Secord's Iranian expatriate agent's] recommendations: Try everything not to lose this man if he can not be a representative of [Rafsanjani] he definitely is trainable to be an excellent source in country.

P.S. [Rafsanjani] participated with Hafezalatad for release of Hostages. The release of the rest is possible.

effort to establish a new relationship with the United States. (Secord to [P]North], 8/27/86; North to Poindexter, 9/2/86) **

On September 2, North formally proposed trying to use the new connection with the Relative. He wrote Poindexter: *NEXT STEPS WITH IRAN*

Ongoing Activities

There are currently five separate activities underway which are related to resolution of the American hostage situation and a potentially broadened relationship with the Government of Iran:

—[*Third Country Initiative*]: [The Foreign Minister] has been given a message for delivery to the Iranian Foreign Ministry indicating a willingness on the part of the USG to improve relations with Iran and to undertake direct, private discussions with responsible Iranian officials. No response has yet been received.

—[*Another Third Country Connection*]: [It's] Ambassador in Tehran during a meeting with Rafsanjani discussed the hostage situation and further U.S.-Iranian contacts. Rafsanjani, for the first time, suggested certain materiel (F-14 spare parts and embargoed helicopters) as items that could cause Iran to act on behalf of the American hostages. Per instructions, [that government was] advised that such "barter arrangements" were unacceptable to the U.S. and contrary to our policy. [They] remain willing to advise Rafsanjani that we are prepared to hold private discussions with the Iranians.

— • • •

—[*The Relative*]: In coordination with the CIA, Copp and two of his associates met for two days last week with [the Relative] indicated a full awareness of the May trip to Tehran and the ongoing activity involving [the official

in the Prime Minister's office] and Ghorbanifar. [The Relative] clearly indicated that he had a specific mandate from [Rafsanjani] to meet with USG official seeking a means for "getting beyond the hostage issue" and [the Relative] starting a dialogue with the USG. [The Relative] has returned to Tehran and has since informed us of a pending TOW sale through Madrid and further indicated that he is prepared to proceed with further discussions. He has further noted that the government in Tehran is very concerned over Soviet activities in the Gulf and is aware that a "final victory" over Iraq will not be possible. There is considerable evidence that [the Relative] is indeed a bonafide [sic] intermediary seeking to establish direct contact with the USG for Rafsanjani's faction within the Government of Iran.

—[*Official in Prime Minister's Office*]/Ghorbanifar: Since the release of Father Jenco, that portion of the 240 parts which was available has been delivered. The Iranians have advised through Nir that at least 65 ** of the items delivered are improper or inoperable. Further, 299 of the items promised have not been received. They have offered to return the damaged/incorrect parts, but have been told to return them on a "future delivery flight." The Iranians continue to insist on a sequential delivery process and in a meeting in London with Nir a specific seven step delivery/release pattern was proposed:

—Deliver 500 TOWs and the 39 electron tubes for the HAWK system previously requested.

—[Hostage] released.

—Deliver 500 TOWs and one of the HAWK radars previously requested.

—[Hostage] released.

—Meeting in Tehran to discuss broadened relationship, Soviet intelligence, etc.

—Deliver remaining radar and 1000 TOWs while we are in Tehran.

—[Hostage] released and Buckley's body delivered.

CIA concurs that the [Iranian official]/Ghorbanifar connection is the only proven means by which we have been able to effect the release of any of the hostages. Though the sequential plan is not what we prefer, the commodities and quantities are within the framework of our original understanding. CIA believes that we should proceed expeditiously with the Ghorbanifar connection and pursue the other five alternatives as subsidiary efforts.

(Tab I, "Next Steps with Iran," to North to Poindexter, 9/2/86) The copy obtained by the Board of North's Action Memorandum, to which this document is attached, shows a check mark next to the word "Approve".

North was impatient for Poindexter's approval of the plan. He wrote McFarlane that evening:

We still have no response fm JMP re proceeding w/ the sequential release proposal outlined to you some time back. Have now undertaken to have Casey raise same w/ JMP tomorrow at the weekly mtg. The things one must do to get action. Am hopeful Bill can push hard enough [sic] to move on the matter. Nir will be here next week and will raised [sic] enough hell to move it if it hasn't all fallen apart by then. The basic problem, as you know, is that we dither so long on these things that by the time we're ready to go to bat, the rules have changed again. I agree w/ yr assessment that the next mtg in Tango [Tehran] is unlikely to be for some time. My hope is that we will not be trying to adjust yr sched for next June for this mtg.

(North PROF note to McFarlane, 9/3/86, 20:12:50)

At the same time, the families of the hostages called North to complain about the "'deal'" being made for Daniloff, a *U.S. News & World Report* journalist arrested in Moscow, apparently in retaliation for the arrest in New York of a suspected KGB agent. North reported on September 8:

Some, like Jacobsen's son Paul accused us of being callous to the LebNap victims—and unwilling to pressure the Kuwaitis because the issue has "slipped from the public eye and that we are willing to make deals for Daniloff because it was more important to the President because of the visibility." All indicated that they are planning to hold a press conference later this week to "turn the heat on" the Administration. My rejoinder that no deal for Daniloff was in the mill was, because of earlier press coverage to the contrary, not taken seriously. Bob Oakley has made a similar effort w/ the same unfortunate results. This afternoon, Louis Boccardi, President of the AP came to see me. He is supportive of our policy on terrorism [sic] and on the hostage issue—and notes that we are not credible in saying that a deal was not in the making. He pointedly noted that this could well have an effect on Terry Anderson's fate in that the Hizballah could not but take heart from the talk of our willingness to deal with the Soviets over Daniloff. While it was an amiable discussion, I was impressed by his concern that no matter what we do now re Daniloff, we are going to be perceived as having made a deal that will hurt chances for Anderson's release and jeopardize his other reporters elsewhere. He made cogent observation that I think is relevant: "I sure hope that you are dealing with someone regarding Terry and the others in Lebanon—and that you can keep it quiet—that's the only way that any of this will work."

(North PROF note to Poindexter, 9/08/86, 19:08:10)

On the same day, North updated his paper on "Next Steps with Iran" for Poindexter to use with the President. In North's view:

** At North's request, on September 2, Charles Allen tipped law enforcement officials of another possible arms transfer to Iran from Houston. Ghorbanifar and Khashoggi were thought to be involved. (C. Allen, Memorandum for the Record, 9/2/86; Earl PROF note to North, 8/28/86, 19:09)

** In a number of telephone conversations taped by Cave early in September, Cave and the Iranian official talked about the problems associated with what the Iranian official said were 65 "broken" parts. (Transcripts of telephone calls) The confusion over the number of spare parts to be shipped apparently results from the fact that certain of the line items requested included multiple parts. (Army/IG Report)

[The Relative] continues to indicate that he has a specific mandate from [Rafsanjani] to meet with USG officials seeking a means for "getting beyond the hostage issue" and starting a dialogue with the USG.

—[Iranian official]/Ghorbanifar: Pursuant to guidance, efforts were made over the weekend to convince [the Iranian official] to release of [sic] all three Americans simultaneously. He steadfastly rejected this proposal citing the intransigence of the captors and Iranian inability to ensure results.

—Since last week, CIA and Army Logistics have located a significant number of HAWK parts which had previously been listed as "unavailable." We now believe that the total "package" will be sufficient to entice the Iranians to proceed with the sequential release pattern proposed in the London meetings.

—Since Sunday [September 7], [the Iranian official] has sought, in dozens of calls, to contact Abe [Hakim], Goode [North], Sam [Cave] and Copp [Secord]. This afternoon, when Sam returned call to him he told Sam that his "boss approved of the meeting that was to take place" and referred specifically to the meetings two weeks ago with [the relative] in Brussels. CIA evaluates this information as confirmation that Rafsanjani may be moving to take control of the entire process of the U.S. relationship and the hostages.

Other Issues

This weekend, . . . an eleven minute address by the Shah's son [was broadcast] over Iranian T.V., by pirating the national network broadcast frequency. This broadcast reportedly sparked protests in Tehran and elsewhere by supporters of the Shah's family. [The Iranian official], in one of his calls to Sam, asked pointedly how it was that we could profess to "accept the Iranian revolution as fact" and still sponsor such an event.

Separate intelligence reporting indicates that a major Iranian offensive is likely to occur on/or about Monday, September

22—the anniversary of Iraq's attack against Iran in 1980. Given the urgency of calls from Iran and Rafsanjani's apparent willingness to endorse U.S./Iranian discussions, Iran may be making all possible attempts to acquire requisite arms to support this "final offensive."

Director Casey conducted a review of the Iranian project today and has directed his people to initiate necessary preparations for acquiring the parts promised in earlier discussions with the Iranians. CIA continues to believe that the [Iranian official]/Ghorbanifar connection is the only proven means by which we have been able to effect the release of any of the hostages. Though the sequential plan is not what we prefer, the commodities and quantities are within the framework of our original understanding. CIA believes that we should proceed expeditiously with arrangements to implement the sequential plan proposed by [the Iranian official]—with hopes that we could improve on it in discussions with Rafsanjani's representatives when they arrive in Europe. In this regard, our window of opportunity may be better than it will ever be again, if we are able to consummate the release of the hostages before the Iranian offensive begins.

(Tab I ("Supplement Next Steps with Iran") to North to Poindexter, 9/8/86) North also attached a report from Charles Allen about a threat to kill the hostages. Allen wrote that "we" believe that the captors were frustrated that they were no closer to freeing the Dawa prisoners than when they captured Buckley.

More and more, we suspect that some Hizballah leaders would be willing to settle for the release of the Americans and French in exchange for Shia prisoners held by Antoine Lahad's Southern Lebanese Army.

(Allen to Poindexter, 9/8/86, Tab II to North to Poindexter, 9/8/86)

The President considered the new Iranian interlocutor, the prospects for a hostage release, and the possibility of a rescue operation at his morning briefing on September 9. (McDaniel log) Later that day, North and Poindexter discussed the hostage problem. Allen re-

ported to the Director of Central Intelligence on September 10 that he had seen North shortly after this meeting. Allen wrote:

2. Poindexter has given Ollie new guidance on the American hostages, namely:

. . .

—Ollie is to continue to develop links to the Iranian Government through Albert Hakim and Dick Secord of Stanford Technology Associates. (Hakim, as you are aware, has links to [the Relative]. [The Relative] apparently is attempting to arrange for Ollie and George Cave to meet with Rafsanjani, presumably with the next shipment of arms to Tehran.)

—Ghorbanifar will be cut out as the intermediary in future shipments of cargos to Iran, if at all possible. To cut Ghorbanifar out, Ollie will have to raise a minimumm [sic] of \$4 million.

—If there is no other channel for financing future arms shipments, then Ghorbanifar will be used as a last resort.

3. Ollie is greatly relieved by Poindexter's decisions because he feared that John and the President would shut down completely this back channel to Iran because of the kidnapping yesterday of Frank Reed **

** On September 9, Cave informed [the official in the Prime Minister's office] by telephone. Cave informed [him] that Islamic Jihad had seized another hostage. [The Iranian office] said "I know nothing of this. I have no news." (Transcript, 9/10/86) Cave explained that the kidnapping had been undertaken by "Mughniyah's group." On September 8, Allen had written Poindexter that

[no threat from Mughniyah should be considered idle. He is a violent extremist capable of impetuously killing the hostages. Yet he does not operate without constraints, among them:

—Iran, which certainly has significant influence over the captors, including Mughniyah. We doubt that Iran wants the hostages disposed of without recompense.

—other Hizballah leaders, who probably see in the hostages a valuable lever over the US and France, and an indirect means of deterring the Israeli Defense Forces from air attacks on Hizballah facilities in the Bqaa', and

—his own assessment of his self-interest, which would likely reflect that the cost of holding the hostages is minimal whereas killing them would run a serious risk US or French retaliation. As for conducting terrorist efforts against the Gulf states, Mughniyah could certainly do that without killing the hostages.

(Allen to Poindexter, 9/8/86, Tab II to North to Poindexter, 9/8/86) Cave told [the Iranian official] that

[Handwritten note]—Reed released immediately

(C. Allen to DCI, 9/10/86)

On September 10, Nir met with Poindexter and North in Washington. To prepare Poindexter for the meeting, North wrote:

Nir is coming to the U.S. at the urgent request of Prime Minister Peres. Incoming PM Shamir and outgoing PM Peres have agreed that Nir will remain in his current capacity after the change of government in October. You will be meeting with Nir the day before you meet with Defense Minister Rabin. It is likely that Nir has been given the task of approaching the USG on the matter of the hostages and counter-terrorism—leaving to Rabin broader security issues.

Nir arrives in the wake of renewed terrorist attempts against Israel, the Istanbul Synagogue attack, and the seizure of another American in Beirut. The Israeli government has been anxious to consummate the hostage release plan worked out with Iran. Undoubtedly, Peres would like to achieve the release of the Israeli soldier believed to be held by Hizballah before leaving office in October. The Israelis recognize that this morning's seizure of another American in Beirut jeopardizes all previous plans in this regard.

It is important to note that Nir has become partially aware of our contact with [the Relative]. He is not aware that we have been advised that the Iranian delegation will be headed by Rafsanjani's brother Mahmoud Rafsanjani, the former Ambassador to Damascus. The Israelis were initially concerned that the USG was moving to establish a separate channel which would not

this matter (Reed) has got to be settled as soon as possible. Please look into it and settle as soon as possible because our boss is very very mad. The boss called me at seven and asked me what was going on, then about an hour ago the Islamic Jihad [sic] announced that they had taken him hostage. He [the [sic] head of a college in Beirut, his name is Reed. [The Iranian official]. Yes.

[Sam O'Neil]. You look into this matter, and I will call you this afternoon at about 8 your time, okay? Will you be at home? [The Iranian officials]. Yes, yes, yes. (very dejected). (Transcript, 9/9/86) Mughniyah's brother-in-law was one of the Da' Wa prisoners in Kuwait.

include the release of the Israeli soldier seized in February. Under instructions, Nir advised that his government's position remained as follows:

—The Government of Israel has supported this joint effort for over a year and has not at any time acted unilaterally.

—The Government of Israel expects that the effort to obtain the release of hostages held in Lebanon will continue to be a joint endeavor and include U.S. demands for the release of the Israeli hostage.

Nir has been told that we will continue to support these two objectives and that the U.S. and Israel will work together to that end.

Your talking points at Tab I provide a rationale for how contact was established with Rafsanjani and how we expect to proceed. Please note that your talking points indicate that Nir will participate in these discussions. Nir will also be meeting with Director Casey, the OSG-TIWG principals, and Father Jenco, and has asked to meet with the Vice President—who he met with in Israel. The Vice President has not yet agreed to this meeting.

RECOMMENDATION

That you use the points at Tab I during your meeting.

Talking Points

Meeting with Amiram Nir

—Glad we could have this opportunity to talk again. Understand you have a number of important meetings during your four days here.

—We are certainly pleased that you will be continuing in your current capacity during the political transition in October.

—I believe our joint efforts to safely recover the hostages in Lebanon and to broaden our relationships with Iran are important to both our nations.

—The President recognizes that were it not for your efforts that Weir and Jenco would not yet be free.

—We are committed to continuing our joint efforts to achieve the release of all of our citizens—yours and ours.

—In that spirit of cooperation, I want to make you aware of an opportunity that we became aware of last week.

—In the process of investigating a possible illegal diversion of TOW missiles to Iran, Copp made contact with an agent in [country deleted] working the sale.

—The European agent indicated that [the Relative] was involved with this purchase. Copp met with [the Relative] in Brussels on August 25, 1986 and advised him that it will not be possible to obtain TOW missiles without the help of the USG.

—[The Relative] . . . was clearly interested in this possibility and also raised the following points:

—He was checking on obtaining TOWs for Moshen [sic] Rafsanjani who is Speaker Rafsanjani's brother, who suspected the \$16 million deal would not be possible.

—[The Relative] had been probed by representatives of Senator Kennedy and former Secretary of State Haig concerning the possible release of the hostages.

—[The Relative] also knew full details of our meetings in Tehran last May to include the fact that "Miller was an Israeli."

—Queried Copp re Iran-Iraq war and Soviet designs in the region.

—Noted that Rafsanjani is now head of "Supreme War Council" and wants to change perception of current military situation and establish basis for truce talks with Iraq.

—Provided details on immediate needs re TOWs, HAWKs, techni-

cal spares, and other technical assistance.

—Provided three scenarios for "getting beyond the hostage issue:"

● Provide us with intelligence on current locations and let us (U.S. and Israel) handle the problem.

● Let [the official in the Prime Minister's office] project continue.

● Rafsanjani personally intervenes to free hostages.

—Would it be possible to set up a meeting between a personal representative of Rafsanjani and a high-level USG contact?

—Yesterday, the President [sic] approved proceeding with a meeting with the Rafsanjani representative.

Poindexter approved North's talking points. (North to Poindexter, 9/9/86)

North had additional news about the abduction of Reed.

[The Relative] called Abe [Hakim] last night to advise that Reed was not, repeat not, held by Islamic Jihad, that no Iranian "influenced" groups were responsible, and that Iran wd do whatever they could to find him and either return him or tell us where he is being held. We have not yet gotten a call from [the official in the Prime Minister's office] back to Sam [O'neil—Cave] on this matter, but hope the news will be the same on that front. If it is, we may well be getting somewhere w/ the highest levels of the present regime [sic].

(North PROF note to Poindexter, 9/11/86, 07:17:56)

On September 13, Poindexter informed North that he had discussed "our plans on the hostages" with the Director of Central Intelligence "and he is on board. Also went over the Second matters. Bill agrees Second is a patriot. He will check into our suspicions. I told him he could get more detail from you." (Poindexter PROF note to North, 9/13/86, 12:01:00)

The Prime Minister of Israel visited Washington in the middle of September; the Iran operation constituted one of the topics addressed. Nir saw Poindexter and North. As instructed by Poindexter, North prepared briefing papers.

You are scheduled to meet with Ami Nir again this afternoon at 1:30 p.m. for 10 minutes. Purpose of this meeting is to debrief Nir on his meeting with Peres over the weekend. You will then be able to brief the President on Peres' views regarding the several on-going and contemplated initiatives with the Israelis. . . .

Issues, which Prime Minister Peres may raise privately with the President, are outlined at Tab III. Nir notes that it is unlikely that Peres will discuss any of these with anyone else in the room.

RECOMMENDATIONS

2. That you brief the President on the initiatives outlined at Tab III.

Approve "JP Done"

POSSIBLE PERES DISCUSSION ITEMS WITH THE PRESIDENT

Amiram Nir, the Special Assistant to Prime Minister Peres on Counter-Terrorism, has indicated that during the 15 minute private discussion with the President, Peres is likely to raise several sensitive issues:

• • •

emphasizing his new role as Foreign Minister. He feels frustrated by the lack of progress and may suggest several areas wherein the U.S. could boost the image of Israeli flexibility.

—Hostages: Several weeks ago, Peres expressed concern that the U.S. may be contemplating termination of current efforts with Iran. The Israelis view the hostage issue as a "hurdle" which must be crossed enroute [sic] to a broadened strategic relationship with the Iranian government. It is likely that Peres will seek assurances that the U.S. will indeed continue with the current "joint initiative" and ensure that we will include the two missing Israelis

in the process. In that neither Weir nor Jenco would be free today without Israeli help (particularly in logistics), it would be helpful if the President would simply thank Peres for their discrete [sic] assistance.

[Marginal note in Poindexter's handwriting: Thanks for assistance on Weir and Jenco. Will continue to work Iran with you. Include 2 missing Israelis in it.]

—Israeli Arms: On Friday night, Defense Minister Rabin offered a significant quantity of captured Soviet bloc arms for use by the Nicaraguan democratic resistance. These arms will be picked up by a foreign flag vessel this week and delivered to the Nicaraguan resistance. If Peres raises this issue, it would be helpful if the President thanked him since the Israelis hold considerable stores of bloc ordnance, compatible with what the Nicaraguan resistance now uses.

[Marginal note in Poindexter's handwriting: Rabin. Very tightly held.].

(North to Poindexter, 9/15/86)

Once past the visit of the Israeli Prime Minister, the United States entertained [the issue of the Relative]. The morning of September 17, North wrote Poindexter

We are planning to bring him [the Relative] into the U.S. at the end of the week, via parole papers thru Istanbul. Iranians can go to Turkey w/o visas and parole papers avoid the necessity of stamping a visa in his passport—a complication which frequently causes major problems for those living in Iran. We (Cave, Clarridge, C/NE, North) decided to honor their request to keep this first meeting private (w/o Nir/Israelis) and to have it here so that they can confirm that they are indeed talking to the USG. We knew this when you and Nir met on Monday, but I had not yet had the chance to brief you. We will have a follow-up mtg with [the Relative] in Europe and we will work Nir back into this op then. In the interim, Clair [George] has put a hold on bringing [the Relative] in because he does not know whether you have "approved the operation." Wd you pls call

Casey and tell him to get on with moving the guy in so that we don't embarrass the hell out of ourselves w/ Rafsanjani.

(North PROF note to Poindexter, 9/17/86, 07:56:26) Poindexter replied that he had already enlisted the approval of the Director of Central Intelligence on September 13. "If Clair [George] has a problem," Poindexter noted on North's memorandum on surveillance for [the relative], "he should talk to Casey." (Poindexter note on North to Poindexter, 9/17/86)

North orchestrated preparations for the visit, which included electronic surveillance . . . (North to Poindexter, 9/17/86, enclosing Casey to Meese, 9/17/86, with Poindexter's concurrence, and memorandum by Odom) He reported to Poindexter:

Casey called and told me what he wanted to do. I don't think [Clair] George will be a problem. He was actually enthusiastic about Cave's talking to Khomemi's relative * * *.

(Poindexter PROF note North, 9/17/86, 14:35:04) He also explicitly responded to Poindexter's note on the memorandum:

Per your note on the surveillance package I called Casey and told him we need to get on with the parole paperwork in that you had already agreed — and had furthermore just endorsed the surveillance request. He acknowledged yr approval for the plan but said he as [sic] concerned about Shultz. He said he planned to tell Shultz in general terms that we were talking to another high level Iranian and that we would fill him in after the interview. I protested that experience showed that Shultz would then talk to * * * or * * * who would in turn talk to * * *—and that * * * could well be the source of the Jack Anderson stuff we have seen periodically. Casey Agreed [sic] to proceed with the INS parole paperwork for the Relative and the visa for his escort hut noted that he would still talk privately to Shultz about this. We are now underway with [sic] getting [the Relative] aboard a chartered jet out of Istanbul. CIA could not produce an aircraft on such "short notice" so Dick has chartered the a/c thru one of Project Democracy's overseas com-

panies. Why Dick can do something in 5 min. that the CIA cannot do in two days is beyond me—but he does. How the hell he is ever going to pay for it is also a matter of concern, but Dick is a good soldier and never even groused about it. You may want to talk to Sec Shultz about [the Relative] before Casey does. I will prepare a memo for you as soon as we talk to him.

(North PROF note to Poindexter, 9/17/86, 12:59:11)

North relied on Secord to bring [the Relative] to the United States. (North PROF note to Poindexter, 9/17/86, 16:19:33) Secord reported to North, also on September 17, that:

[The Relative] will want intell info and a scheme for future provision of same. In the past, Casey has wanted to establish comms in Tehran and this might be the vehicle. We should give some very good OB data in narrative form so that he can take it back and make an impact. The stuff we used for [the official in the Prime Minister's office] will have changed. It is no big task for an analyst to prepare such a briefing. I know there is skepticism about this new connection, but we will fail if we do not use our senses and produce something of use. Next he will want some kind of secure voice device for use in telecoms back here to us in the next few weeks or months—there are a number of these items available commercially and I would hope that CIA could supply same in a briefcase for him to take back. Finally, [the Relative] will want to talk about war material and its relation to a long-term connection from U.S. to Iran. My opinion is that he and his group are attaching more importance to a long-term relationship than to any short-term quick fix, such as a few thousand TOWs. He will, however, have a list of needed items and will no doubt suggest some kind of shipment to clear the hostage matter and to firmly establish direct USG to GOI transactions and to eliminate the Gorbass and [official in Prime Minister's office]. Thus, if I'm right, CIA must deliver the goods re good OB and come up with suitcase secure phone device.

(Copp to Goode [North], 9/17/86, 1720)

B. The Second Channel in Washington

On September 19 and 20, North, Secord, and Cave (as O'neil) met with the Relative and the Iranian expatriate who had introduced him. The two days of negotiations were surreptitiously taped. North reported to Poindexter on September 20 that:

Talks going extremely well. They and we want to move quickly beyond the "obstacle" of the hostages. Sincerely believe that RR can be instrumental in bringing about an end to Iran/Iraq war—a la Roosevelt w/ Russo/Japanese War in 1904. Anybody for RR getting the same prize? . . .

(North PROF note to Poindexter, 9/20/86, 12:04:15) Poindexter replied two days later: "Good on the talks. Will look forward to debrief. Ok on trip to London." (Poindexter PROF note North, 9/22/86, 8:37:02)

North gave Poindexter a preliminary report on September 22:

Talks with [the Relative] commenced on Friday night and proceeded almost non-stop until Sunday at 1100 when he departed for Istanbul aboard charter. George and Dick agree that things went extremely well. He is assured that the GOI is dealing directly with the USG and that the mutual interests of both parties transcend the "obstacle" of the hostages—but that this problem must be solved first. Much credit in this goes to Dick, who established the initial contact in Brussels. [The Relative] wants to set up a "joint committee" in Turkey or Portugal for resolving the issues which separate us—an idea which would then lead to putting a discrete [sic] communications team in Tehran. At one point he asked if Secord could return with him to advise on how to set this up. He asked specifically for a sign from the USG that we are indeed moving in the right direction and we agreed to a carefully constructed phrase in a VOA broadcast which would mention the nations which denied access to the hijacked PA 73 a/c—and include Iran in the list. He will be back to us later in the week after he has met with the

leadership in Tehran. In discussing what we could do for them he raised the issues of 2M homeless in Iran, the collapse of the economy and the destruction of their oil industry. He complained bitterly about the French effort this spring which he said was designed only to get their hostages out and to help Chirac get elected. We noted that RR could not be reelected, that his motivation was to bring about an honorable end to the killing in the Iran/Iraq war, and to reestablish a positive relationship with the Iranian government that would lead to Christians, Jews and Moslems living in peace with one another. On a number of occasions he was told that RR believed deeply in the teachings of our Holy Book, a copy of which was on the table, and reference was made to a number of pertinent passages (e.g. Gen. 15:7-21; Gal. 3:7; etc.). At one point he noted to George that RR being a man of God had removed the only argument they had—that Allah was supposed to be on their side. He has promised prompt action on the hostages, is looking for assurances that we will not walk away once they use their influence to get them free and noted that the USG should stop other attempts to make contact w/ the GOI to prevent confusion within the factions at home. He expressed several concerns about the [Chorbanifar] channel and admitted that they believed someone close to [Chorbanifar's Tehran contact] was working for the KGB. He expressed great concern that the Soviets could exploit confirmation of the contact by making the contact public and doing great mischief in Iran and the U.S. and by rapidly escalating their assistance to Iraq or even intervening in Iran. We did all we could to feed this anxiety. Nir has been calling regularly to exhort us to move on the next shipment. Because [the Relative] has asked us to wait to see what the result of his discussion in Tehran is, we have decided to stall by telling Nir and Gorba that we must have a meeting w/ [the official in the Prime Minister's office] before we can proceed. We have told Nir that you and RR are very concerned about the two new hostages and that we cannot proceed w/ further deliveries until such a meeting takes place. [The

Relative] has asked that for the time being we leave the Israelis out of this because of the problems at home. Contrary to what Nir said here, [the Relative] did know that Nir was an Israeli. We will put together a summary of the talks by my return Wednesday. You can brief RR that we seem to be headed in a very positive direction on this matter and have hopes that the hostage resolution will lead to a significant role in ending the Iran/Iraq war.

(North PROF note to Poindexter, 9/22/86, 9:22:57) In the course of the meetings, [the Relative] asked that the United States "stop other attempts to make contact [such as those through [third countries] now that we were in direct discussions." (North PROF note to Poindexter, 9/20/86, 12:06:57.) "Geo Cave will brief Casey this afternoon on the results of the discussions w/ [the Relative]," North wrote Poindexter. "Casey has asked what we are doing about bringing Sec State up to speed on results. I told him this was your call. Casey is urging a mtg on Weds. among you, Casey, Cave and me to discuss situation prior to discussion w/Shultz. Can we schedule same?" (North PROF note to Poindexter, 9/22/86, 12:00:49)

Apparently, the Director of Central Intelligence discussed the relative's visit with the Secretary of State. North wrote Poindexter the afternoon of September 22:

FoMin Velayati is one of the few non-clerics at the top of the GOI. He is a technocrat, reportedly a conservative and relatively close to Rafsanjani [sic]. He reportedly is a member of the "War Council" which determines the distribution of resources and funds within the Iranian government. According to [the Relative], Velayati participated in the meetings regarding our earlier diplomatic approaches to the GOI and evaluated these initiatives as sincere. [The Relative] reports, however, that Velayati was not in the final sessions they had which authorized [the Relative] trip to the U.S. In these sessions Rafsanjani, Moshen [sic] Rafiq-Dust and Mohammad Hosein Jalalai along with Musavi-Khamenei made the decision for him to come to the U.S. and to be assured that he was indeed talk-

ing to the top of the USG. Re the Casey/Shultz discussions: Casey informs that he told Shultz, alone, that the CIA was assisting in bringing [the Relative] into and out of the U.S. for talks and that he (Casey) would get back to Shultz at some point in the future on what had transpired. According to Bill, Shultz simply said "OK."

(North PROF note to Poindexter, 9/22/86, 14:35:55)

North also prepared a full memorandum of conversation to Poindexter on September 25 which had additional material including the statement: "I want to tell you that unless one of the three men sitting here in the room right now (North, Secord, Sam O'Neill) contact you, there is no official message." North noted that "[t]he only other copy of this memorandum of conversation has been given (by hand) to the DDO of CIA." (North to Poindexter, 9/25/86)

The Secretary of State told the Board that he heard nothing about Iran from July 2, 1986, when Under Secretary Armacost sent him a memorandum he does not recall reading and October 31, 1986, when, after making a speech in Los Angeles, someone asked him about a hostage release. "I was totally barn-sided. I had no idea what was taking place." (Shultz, SRB, 56-57)

On September 24, North provided Poindexter with materials for a meeting among Poindexter, the Director of Central Intelligence, Cave, and C/NE to discuss the September 19-20 conversations.

During the discussions, [the Relative] asked for a "discrete [sic] public sign" that he could use to support his debriefing back in Tehran. We decided that a VOA editorial, broadcast in Farsi, which mentions the Iranian Government's denial of flight clearance to the hijacked Pan Am flight, would suffice. At Tab II is a VOA editorial regarding the hijacking of Pan Am Flight #73.

We appear to be in contact with the highest levels of the Iranian Government. There is no doubt that [the relative] is far more competent and better "connected" than our other interlocutor, [the official in the Prime Minister's office]. It is possible

that the Iranian Government may well be amenable to a U.S. role in ending the Iran-Iraq war. This, in and of itself, would be a major foreign policy success for the President. We, therefore, need to determine how we will proceed from here on with the Iranians. Specifically:

—Should we proceed with the "joint committee" proposed by [the Relative] during our discussions.

—Who, if anybody, at the State Department should be brought into this activity.

RECOMMENDATION

That you review the attachments prior to your meeting.

Approve "JP" Disapprove

(North to Poindexter, 9/24/86) North attached Cave's summary of the meetings.

([Cave], "Run-down of Visitor's comments on 19/20 Sept 86," Tab I to North to Poindexter, 9/24/86)

North also attached a draft of a Voice of America editorial entitled "International Cooperation Against Terrorism," in which, as promised to the Relative, Iran among others, was thanked for its assistance in the successful resolution of the PanAm Flight 73 hijacking. (Tab II to North to Poindexter, 9/24/86) ⁹¹

Cave recalled that, at the meetings on September 19 and 20, "an enormous amount of progress was made." (Cave 17) Cave told the Board that "we were talking to someone at the political level, even though the gentleman was very young." (*Id.*)

[W]hen we were in Tehran, at the political and strategic level, we really didn't get anywhere. But at this meeting [September 19-20], he proposed to us that we form a joint commission of four U.S. members and four Iranian members, that we meet in secret and come up with a program for improving U.S.-Iranian relations.

⁹¹ On September 25, after Craig Coy, a member of the NSC staff and former executive assistant to Admiral Holloway, Executive Director of the Vice President's Task Force on Terrorism, spoke to Ambassador Bremer about the editorial, North sent the editorial to Bremer with instructions to broadcast it on September 26 and 27. (North to Bremer, 9/25/86 Coy 3-4)

He also discussed in great detail their concerns about Afghanistan, the Soviet Union, and the Persian Gulf. He told us that they had taken our advice and in early September had sent their Oil Ministry [sic], under cover of doing OPEC business, on a trip around the Persian Gulf to talk to the Saudis, the Kuwaitis and the United Arab Emirates, and had gotten what they had considered a rather positive response, particularly from the Saudis.

At that meeting, we also gave them a briefing on what we considered to be the Soviet threat toward Iran.

We also agreed at that meeting that at the next meeting they had, which was going to be in early October, we would give them a briefing on our view of the war, their war with Iraq. We also gave them at the September meeting a briefing on our view of how the insurrection in Afghanistan was going against the central government and the Soviets, and they promised at the next meeting that they would give us their views.

(*Id.* at 18-19)

To C/NE, this meeting had been remarkable for another reason. He told the Board that [the Relative]

immediately presented bona fides in the sense of saying, look, we can't get all your hostages out. It was the first time we had heard that in this channel. Always before the promise was don't worry about a thing; we can get them all. He said, we can get two out, maybe three, but we can't get them all.

(C/HE (1) 38) According to Charles Allen, the "new channel" informed the Americans in September that Khomeini's son "briefed the father in great detail . . . [and] the Iranians had decided that it was worth talking to the Americans not just for arms but, I think, for broader reasons." (C. Allen (1) 19-20)

C. Frankfurt

In the immediate aftermath of [the Relative's] visit, events seemed to move quickly. North wrote Poindexter on September 26 that

[t]his morning, immediately after the VOA broadcast of our PA-73 message, [the Relative] deposited \$7M in the numbered Swiss Account we gave him last week. The money will be transferred by noon (EDT) to another account in another bank. In order to save time, I have told Dick to pay CIA's account for the remaining HAWK parts and the 500 TOWs so that they can be assembled [sic], packed and moved to [location deleted]. UNODIR, CIA will commence acquisition as soon as they receive the money—though nothing will be shipped to final destination until we have had the follow-on discussion w/ [the Relative] and reached an understanding on the "obstacle." We believe he will want to meet on the week of October 6-10 Nothing will move from . . . until you so approve. Will sit down tomorrow w/ the CIA logistics guy who is doing the ordering to see if for once they can get it right.

(North PROF note to Poindexter, 9/26/86, 09:47:48)

A week later, North submitted the views of his team (Cave, Clarridge, C/NE, Secord, and North) on "Next Steps for Iran." They argued for the program discussed with [the Relative], who added pressure for acceptance.

North reported on October 2:

[The Relative] contacted Dick this morning and asked that George, Dick and I meet him on Monday in Frankfurt. He claims to have just returned to Tehran from Beirut and that he will have good news regarding the "obstacle" (hostages). I am preparing a paper for you which will include the travel approval for Goode and a bible for [the Relative]—since he is bringing a Koran for the President. We will also use the opportunity of this meeting to set Nir straight on how we are going to proceed. He is beside himself at the delay in action since he was here—and we can, I believe take care of that whole problem in the next few days. Will include our collective recommendations (from George, Dick and me) in the package. Hope to have it to you this afternoon. Warm regards, North

p.s. PLEASE authorize us to be polygraphed re this Woodward mess. You, the President, WE need to find the person who is doing this. p.p.s. On the Costa Rican airstrip: it is a C-135K, not a C-130. We had to sell the C-130 last month just to keep Project Democracy afloat (actually an L-100, the commercial variant of the C-130). The airplane in the photo—and referenced in the memo is a smaller precedent to the C-130 w/ 2 reciprocating piston engines and two ram jets outboard (like the old P2V Neptunes).

(North PROF note to Poindexter, 10/02/86, 15:11:48.) A week later, North submitted "Next Steps for Iran" to Poindexter.

[The Relative] called Dick this morning to advise that he had just returned from Beirut and would very much like to meet with us in Frankfurt, Germany, on Monday, October 6. He indicates that he has "good news" regarding the hostages and that he wishes to get past the "obstacle" as quickly as possible. An appropriate travel approval is attached at Tab I.

George Cave is taking a well-deserved "mini-vacation" in Rome. We are telling all callers that he is in the hospital for tests on his back. In accord with [the Relative] request, the U.S. side would be represented by: Sam O'Neil, Copp, and Goode.

This meeting also affords us the opportunity to deal with the issue of Israeli cooperation. Nir has been calling daily (often several times) urging that we get on with the process in our "joint venture." He constantly cites his September 10 meeting with you as the basis for proceeding urgently. Because we have not told him about our intention to pursue the "[the Relative channel]" first, he continues to encourage Ghorbanifar to raise the requisite funds for another delivery. Ghorbanifar, in turn, has a frequent dialogue with [his Tehran contact] in this regard. All of this tends to create confusion among the various participants and an unnecessary OPSEC vulnerability. We need to act now to reduce the number of channels into the Iranians (at least on a temporary basis) and clarify vari-

ous roles and missions. As is evident on the diagram at Tab II, the various channels of communications are, at the very least, a source of great vulnerability to KGB and other SIGINT penetration.

We (Cave, Clarridge, C/NE, and Copp) believe that we should move promptly on both fronts as follows:

—[The Relative]: O'Neil, Copp, and Goode meet with [the Relative] in Frankfurt on Monday, October 6. [The Relative] has indicated that he has an internal consensus on how to proceed with regard to the hostages "obstacle." He has said that he will bring with him to this meeting "one of the officials we met with in Tehran" and has asked that we bring with us a definitive sample of the intelligence we had discussed when he was here. Based on this, we believe that [a Revolutionary Guard Intelligence official], may well accompany [the Relative]. You will recall that [the Relative's] request for intelligence was very specific (the details were forwarded to you via PROFs). While the sensitivity of providing this information is well-recognized, it must also be noted that intelligence was given a higher priority by [the Relative] than any other assistance we could provide. In the Casey-C/NE-Cave-North meeting we had with you after [the Relative] departed, we all agreed that it was unlikely that providing such information would change the course of the war. Further, we all recognized that the information need not be accurate and that it was highly perishable given the dynamic nature of the conflict. In short, we believe that a mix of factual and bogus information can be provided at this meeting which will satisfy their concerns about "good faith" and that we can use the "perishable" argument as an incentive for the Iranians to accept a CIA communications team in Tehran. As before, we would not leave any documents with the Iranians, but will provide an exposition during

which they could take detailed notes. Director Casey needs to be told to prepare the intelligence for handcarry to the meeting.

[The Relative] has said he is bringing a Koran for the President. As a reciprocal gesture, we have purchased a Bible which we would present to [the Relative] for him to take back to Tehran with him. Given our earlier discussions (see transcript), it would be very helpful if the President would inscribe a brief note citing a particular biblical passage (Tab III) in the front of the Bible. This particular excerpt is important in that it is a new testament reference to Abraham, who is viewed by Moslems, Jews, and Christians as the progenitor of all the world's nations. It would be most effective if the President hand wrote the inscription and initialed/signed it without addressing the note to any particular person.

—Nir: When Amiram was here, we made a conscious decision not to apprise him of our near-term efforts with [the Relative]. We did inform him earlier of the contact and he continues to inquire regarding the status of this initiative. Meanwhile, lacking guidance to the contrary, Nir has sought to stimulate further activity between Ghorbanifar and [the official in the Prime Minister's office]. This has resulted in [this official] calling directly to George's home and office several times daily and considerable confusion regarding why we have not accepted the [Iranian official]/Ghorbanifar "offer" to purchase the remaining HAWK spare parts and 500 TOWs.

From an operational perspective, the current communications arrangements are a command and control/OPSEC nightmare (Tab II). Nir essentially controls our access to both [the Iranian official] and Ghorbanifar and, thus, we often find ourselves reacting to his well intentioned efforts. We believe that we now have an opportunity to change the relationship in such a way

that Nir is placed in a supporting role rather than acting as a primary source of control. We also recognize that Israel's participation in this activity is both politically and operationally important. In altering Nir's status, we need to do so in such a way that he and those officials in his government who are cognizant continue to perceive that this is still a "joint venture."

In order to accomplish the objectives outlined above, we propose that on Saturday, October 4, Copp would fly to Tel Aviv and meet with Nir. At the meeting, Copp would use the talking points at Tab IV. In an effort to ameliorate Nir's angst over his "new status," we urge that the letter at Tab V to Prime Minister Peres be signed by the President. If you agree, we need your approval of the talking points at Tab IV and a Presidential signature (real or autopen) on Tab V by 3:00 p.m. Friday, October 3.

The steps above are designed to give us a chance to make the new relationship through [the Relative] function without destroying the Ghorbanifar/[Iranian official] channel. We would, in effect, put Ghorbanifar [the Iranian official in the Prime Minister's office] on "hold" until we see what [the Relative] produces. Please note that when Copp briefs Nir in Tel Aviv on Saturday, he will *not* reveal that he is enroute to Frankfurt to meet [the Relative]. Given [the Relative's] strong antipathy toward the Israelis and our uncertainty as to whether or not he knows that Nir (aka Miller) is Israeli, we would tell Nir on Sunday night that we were going to a hastily arranged meeting with [the Relative] which he (Nir) will be unable to make due to a lack of connecting flights to Frankfurt.

[The Relative] has already told us, that shortly after the October 6 meeting, there will be a follow-on meeting of the "joint committee" in which [the official in the Prime Minister's office] will be a participant. Unless we are convinced that the Iranians would recognize Nir as an Israeli, we

would intend to invite Nir to this follow-on meeting.

A memo from you to the President has not been prepared for obvious reasons. It is hoped that between now and 3:00 p.m. Friday you will have an opportunity to privately discuss this with the President and obtain his approvals/signatures on the steps indicated above.

(North to Poindexter, 10/2/86) Poindexter approved North's travel request (in the name of William P. Goode); agreed to have the President inscribe a Bible with the designated passage from Galatians;⁹⁸ approved talking points for Secord; and agreed to persuade the President to sign the letter to Peres. Poindexter neither accepted nor rejected the request to have the Director of Central Intelligence prepare an appropriate intelligence package by October 4 for the meeting on October 6. (Id.)

The second attachment to this memorandum was a diagram of the communications between "Tango" [Tehran]—Merchant (Ghorbanifar), [the official in the Prime Minister's office], [the relative], [the Iranian expatriate] and [Secord's Iranian agent]—and the United States team—Goode (North), Sam (Cave), Charlie (Allen), Copp (Secord), and C/NE. Apart from Cave and [the official in the Iranian Prime Minister's office], who sporadically communicated one-on-one, and Allen and Ghorbanifar, who also communicated directly, the others talked through middlemen. Ghorbanifar generally used Nir; while those in the second channel used Hakim (Abe). (Id. at Tab II) North added the recommendation:

Pare the U.S. communicators down to no more than *two* individuals (who either compare notes directly each day, or report to a common supervisor); e.g., Sam and Copp, who *both* report daily to North. Cut Charlie, C/NE and anybody else *out*. Have them stop communications cold turkey (to sup-

⁹⁸ "And the Scripture, foreseeing that God would justify the Gentiles by faith, preached the gospel beforehand to Abraham, saying 'All the nations shall be blessed in you' (Galatians 3:8) Ronald Reagan Oct. 3, 1986" The President told the Board that he did inscribe the Bible because VADM Poindexter told him this was a favorite passage with one of the people with whom the U.S. was dealing in Iran. The President said he made the inscription to show the recipient that he was "getting through."

port cover story of [old] channel being blown, rolled up, and *finished*).

(Id.)

Secord's instructions for his meeting with Nir on October 4 noted:

The objective of this discussion is to improve our control of events in this joint effort to establish a strategic relationship with Iran. The talking points below are intended to establish the parameters of your discussion and are designed to elicit further cooperation:

—ADM Poindexter has directed that I see you regarding our current Ghorbanifar/[Iranian official] channel and discuss with you ways in which we can move together to accomplish our mutual objective—a strategic relationship with Iran.

—We have fairly strong evidence that [the Iranian official] was directly involved with the seizure of the second new hostage in Beirut (Cicippio).

—We believe that the first new hostage (Reed) was taken by elements other than Hizballah—although they may have him in their hands now.

—We think that [the official in the Iranian Prime Minister's office] may have believed that he could bring additional pressure to bear on us to commence further deliveries by seizing another hostage (or hostages).

—Quite the contrary is true. The President is adamant that we will *not* move forward on this channel until we resolve the new hostage issue.

—We are also concerned that the two new hostages (or at least Cicippio) represents a clear violation of the "understanding" we have had with the Iranians on anti-U.S. terrorism since June of last year.

—We do not want to engage in a process that results in new hostages just to bring "pressure to bear." Nor will we continue this process if, when the current hostages are released,

more are taken, simply to elicit further deliveries of arms.

—Aside from this very strong policy objection to continuing, we have, as you know, had repetitive financial and communications difficulties [sic] with Ghorbanifar. While we could debate as to whether or not Ghorbanifar had received all that was due him by the Iranians, the most important factor is potential OPSEC risk.

—In an effort to "keep things moving," Ghorbanifar has made commitments in our name which are patently beyond our ability to meet. This has resulted in increased expectations on the part of the Iranians.

—We know . . . that neither [the official in the Prime Minister's office] nor other Iranian officials in Tehran trust Ghorbanifar.

—Finally, both of us know that [the Iranian official], himself, is not intellectually astute enough to realize the importance of our contact nor the sincerity of our desire to establish an official government-to-government relationship.

—In short, this channel is *not* serving our mutual objective: the reopening of a strategic relationship with Iran.

—The President has directed that we will *not* proceed with any further receipt of funds from Ghorbanifar nor deliveries to [his Tehran contact] until we resolve these issues.

—Several months ago, I apprised you of a contact with [the relation of a powerful Iranian official]. The USG decided to pursue this contact to determine its validity.

—We are confident that [the Relative], the man I met with in Brussels, has been franchised to act as a liaison between the U.S. and Iranian governments.

—When Prime Minister Peres was in Washington last month, the President assured him that we are going to continue this effort as a joint project. [Poindexter penned a questionmark in the margin next to this point.]

—I have been instructed to seek out a second meeting with [the Relative] as soon as it can be set up and that I will act as the U.S. intermediary until we establish direct contact with government officials from our side.

—Once we have established direct USG contact with [the Relative], we intend to introduce you into this process under the same conditions as obtained when you went to Tehran with us.

—Based on my initial meeting with [the Relative] and the intelligence we have been able to collect, we believe that this contact may well prove to be the one that both your government and mine have been seeking.

(Remember Nir has been told that you "came upon" [the Relative] as a consequence of looking into the possible diversion of TOWs through Spain/Portugal during an investigation undertaken in late July/early August.)

—While we explore the sincerity of the nephew and confirm his ability to speak for the Iranian government, we want to keep the Ghorbanifar/[Iranian official] channel on "hold."

—To that end, we have told Sam—who is in the hospital—he is to contact [the Iranian official] and tell him that:

—there must be a meeting with [the Iranian official] before we proceed any further;

—the issue of the two new hostages has become a strong, negative factor in proceeding at all;

—this matter (the two new hostages) must be resolved before we will take any further steps for any further deliveries;

—the problem is not the merchant and his financing, but rather the two new hostages;

—contrary to what he [the Iranian official] may expect, there will be no further deliveries until we have met and resolved this matter;

—we have asked [the Iranian official] to meet with us in Frankfurt on October 9—we do not yet have an answer.

—I intend to meet with [the Relative], somewhere in Europe or Turkey, hopefully this week. I will then report back to Washington on my findings and a follow-on meeting will be set-up—in which we will attempt to have you included.

—I want to caution you, however, that in my meeting in Brussels [the Relative] indicated that he and others in Tehran are aware that you are an Israeli—and knew it when you went to Tehran.

—Neither of us want this contact, if it is indeed what I think it to be, to founder because of this.

—I have been instructed to find a way to have you in the meeting in which Goode and Sam will serve as the USG representatives.

—If the meeting with [the Relative] this week goes well, I would expect that all of us could meet with him next week.

—In the interim, if [the Iranian official] does indeed agree to meet with us under the conditions we have established, we should proceed with that meeting.

tober 2. (DCI Telephone Calls and Meetings; Gates, Memorandum for the Record, 10/3/86) In addition to discussing the proposal to provide Iran with military information . . .

Both North and Poindexter reported on the new channel to McFarlane. On October 3, North invited McFarlane to review the transcripts of the September 19-20 meeting. (North PROF note to McFarlane, 10/03/86, 22:08:16) Poindexter expressed enthusiasm about the meetings:

We have made contact with [the Relative of a powerful Iranian official (the "Relative")]. Two meetings so far. One here in US. Ollie, Cave and Secord meet with him this weekend in Frankfurt [sic]. Your trip to Tehran paid off. You did get through to the top. They are playing our line back to us. They are worried about Soviets, Afghanistan and their economy [sic]. They realize the hostages are obstacle to any productive relationship with us. They want to remove the obstacle. [The Relative] has been in Beirut, says he has good news for Frankfurt. We shall see. Still insisting on group release. If this comes off may ask you to do second round after hostages are back. Keep your fingers crossed.

(Poindexter PROF note to McFarlane, 10/03/86, 20:35:35) McFarlane responded:

Roger; anytime John.

By the way, I watched the news tonight and saw Peggy Say beating up on the Administration for not getting the Beirut hostages out. I haven't heard anything on that score for a while. But I get [sic] the sense that we are pretty much at the mercy of the Iranians.

If you think it would be of any value, I might be able to take a couple of months off and work on the problem. No guarantees and no need for any sponsorship (except for airfares and hotels) but I might be able to turn something up. Think about it.

Poindexter met with the Director of Central Intelligence and his Deputy the evening of Oc-

(McFarlane PROF note to Poindexter, (10/04/86)

On October 5, North flew to Frankfurt. On the 10th, he reported to Poindexter: **

Copp has just returned from Frankfurt. According to both he [sic] and Sam, my

**The day North left, an aircraft with Eugene Hasenfus aboard, crashed in Nicaragua. Robert Earl, who shared an office with North, reported to Poindexter:

"[O]ne of the Democracy Inc aircraft apparently went down on a resupply mission to FDN forces in the north. It is overdue from its mission, and no radio contact was received. It is currently unknown where or why the aircraft went down, but [third country] assets are discreetly organizing a SAR effort over international waters & friendly territory portions of the route. Three Americans and one Nicaraguan national aboard. I will keep you advised of details as I get them."

(Earl PROF note to Poindexter, 10/06/86, 11:49 16)

William Perry, an NSC staff member who worked on Latin America, wrote Poindexter on October 7:

Plane down in Nicaragua and survivor of crash had no USA connection according to CIA and DIA. This tracks with Elliott's denial and has been passed on to Dan Howard FYI, and not for release, the flight originated in El Salvador and is probably tied in with private U.S. assistance to the Contras. Survivor could testify to this type of connection.

(Perry PROF note to Poindexter, 10/7/86, 12:42)

North wrote McFarlane on October 12:

We urgently need to find a high powered lawyer and benefactor who can raise a legal defense for Hasenfus [sic] in Managua. If we can find such persons we can not only hold Gene and Sally Hasenfus together (i.e., on our side, not pawns of the Sandinista propaganda machine) but can make some significant headway of our own in counter-attacking in the media. Obviously, there is the added benefit of being able to do something substantive in the legal system to defend this young man. I know that this is a tall order and that many U.S. lawyers will not want to step up to this task, but for the man (or woman) who does, there will be a fair bit of history made in the next few weeks. There will, no doubt, be a show trial of some kind launched and unless we have an overt, competent legal defense, Hasenfus will become nothing but a tool in their hands—none of which is in our interests, or his. By Tuesday, a Swiss lawyer, retained by Corporate Air Services, should be in Managua. We should not rely on this person to represent the whole case since he is supported by covert means. We would be far better off if we had an overt mechanism here in the States which represented USG/Hasenfus' interests, and who would not have to respond to questions regarding the origins of Corporate Air Services, Inc. (CASI), or its other ongoing activities. The CASI lawyer is being instructed to cooperate fully w/ this U.S. Attorney, whoever he/she may be. Have also located approx. \$100K from a donor who does not care if this contribution becomes known (though the donor has done things in the past to keep CASI in operation—a fact which need not become known). Can you help? If need be, I can meet w/ you/others tomorrow or Tues (October 13 or 14). Believe this to be a matter of great urgency to hold things together. Unfortunately RR was briefed that this plan was being contemplated before he left for Iceland and am concerned that along about Wednesday when people begin to think of things other than meetings in cold places, he will remember this and nothing will have been done. Any thoughts wd be much appreciated. Elliott Abrams willing to sit-in any time after Yom Kippur fast is finished tomorrow night. Pls Advise.

(North PROF note to McFarlane, 10/12/86, 16:33:11)

donkey act with the Relative and [a Revolutionary Guard Intelligence Official] had quite an effect. [The Revolutionary Guard Intelligence Official] told Dick that if he returned home without the hope of further help that he "would be sent back to the front." [The Revolutionary Guard Intelligence Official] gave Dick a proposal closer to the line in my original seven points and asked Dick if there was any way that he could get us to meet before the 3 Nov. meeting I had suggested. Dick told him that he would pass the points on but could not guarantee anything. Points as follows:

1. They pay \$3.6M next week
2. We deliver 500 TOWs (no HAWK parts) 9 days after [sic] payment.
3. . . .
4. Two hostages (if possible, but no less than one) released w/in 4 days of TOW delivery. If only one hostage released, whole process stops and we meet again.
5. Repeat funding and Delivery [sic] cycle as in steps 1 & 2 above.
6. We send Tech support for HAWKs, update on intel and secure comm team to Tehran and provide location/availability or artillery items noted on the original list provided by [the Relative] in Washington mtg.
7. Iran does utmost to secure release of remaining hostages(s).

[The Revolutionary Guard Intelligence Official] told both Sam and Copp that the group holding Reed and Cicippio is not, repeat not, responsive to Iran. Further, that only [Hostage 1] and [Hostage 2] are "immediately available." [The Revolutionary Guard Intelligence Official] begged Dick to let them find out exactly where [Hostage 3] is and "you can rescue him and not ruin us [Iran] with the Hizballah."

Both Sam and Copp believe we should let them stew in Tehran for a few more days and then accept the proposal indicated above. [The Revolutionary Guard Intelligence Official] and [the Relative] both said that Pattis was not now available, but that

they were sure they could work it out once things were moving. Only changes from my proposal is sequential nature of their plan and lack of mention of Buckley body & transcript of interrogation. We do not believe that they can be sure of getting all three—all available info indicates [Hostage 3] is held elsewhere. Dick and Sam believe that we will, however, get two back for nothing more than the two sets of 500 TOWs. They point out that the rest of what the Iranians want (a plan for approaching the Kuwaitis, the location/availability of the artillery, and the intel) all can be managed w/o any great complications. [C/NE], Cave and Casey all seem to be convinced that this is best/fastest way to get two more out—probably w/in next 14 days. [C/NE] also notes that the situation in Leb is getting much worse and that we may be getting close to the end of the line for any further movement. Finally, all here now believe that these guys do not have Reed/Cicippio, who are probably in hands of Libyan controlled group which earlier bought/killed Kilburn. [C/NE] and Sam believe that these guys may be the only way we can ever get our hands on Reed/Cicippio since their access and info in the Lebanon are so much better than ours.

BOTTOM LINE: Recommend that we wait for their call on Tuesday, if their position is same as above or better, we shd push them to include Buckley remains and transcript and then get on with it. Pls advise.

(North PROF note to Poindexter, 10/10/86, 21:55:31)

Cave told the Board that the most important part of the Frankfurt meeting was the Iranian's statement that he could obtain the release of one hostage. In addition, Cave said, the participants discussed Iran's weapons requirements, the Afghan war, and the Iraq war. Cave recalled that he

gave them a briefing on our view of their war with Iraq. This briefing was structured so that we told them basically the truth, but the stress we placed on the briefing was such that it would give them considerable pause about launching this final offen-

sive that they had been talking about for the last six months.

(Cave 19-20) Cave recalled that the Iranians wanted to end the war in a way they could present as a victory. (Id. at 20) The negotiators agreed to meet again toward the end of the month. During that meeting, Cave said, "we caused the 500 TOWs to be shipped. . . . That's when we got Jacobson [sic] out." (Id. at 21)

As it happened the Israelis shipped the TOWs because Secord tried to deposit the Iranians' payment for the weapons into a CIA account that had already been closed.

D. Arms Into Iran, One Hostage Out of Lebanon 94

North returned from Frankfurt the evening of October 8. (North calendar) By that time,

**The NSC staff chronologies tell the following tale for the summer and fall of 1986 (Maximum Version 9; Historical Chronology 13-14. Where the Historical Chronology differs from the Maximum Version, this fact is indicated by square brackets.):

Through August, September, and October 1986, numerous additional meetings were held in Europe between U.S. representatives and the new and Iranian contacts [sic]. During the October 26, 1986 meeting in Frankfurt, Germany, the U.S. side, as in the past, insisted that the release of the hostages was a prerequisite to any progress. [The Relative] urged that we take a more active role in support for the Afghan resistance. . . . The Iranians also proffered, and the U.S. accepted, the offer of a Soviet 1-72 tank captured from Iraq [The Iranians have also offered to provide a copy of the 400 page interrogation of William Buckley I]. At this meeting, [the Relative] stated that there was a "very good chance that another American or two would be [freed soon]." On October 29, with U.S. acquiescence, Israel provided Iran with an additional increment (500 TOW missiles) of these defensive weapons. [On October 29, with U.S. acquiescence, Israel provided Iran with an additional increment of defensive weapons (500 TOW missiles)]. Late on October 31, [the Relative] called the U.S. citizen (Hakim) tasked to maintain contact and advised that Iran had "exercised its influence with the Lebanese" in order to obtain the release of American—David Jacobson—and an uncertain number of French hostages. He further noted that this was part of the purpose of the Iranian Foreign Minister's visit to Syria. [The Relative] stated that the situation in Tehran, as well as Iranian influence over Hizballah were both deteriorating. . . . On November 2, David Jacobson was driven to a point near the old American Embassy compound in West Beirut. The U.S. Embassy in East Beirut immediately dispatched an embassy officer to west Beirut to pick up Mr. Jacobson. This operation is about to spin out of control from an operational security point of view, and I will say right now—and I've said it to the Congress in depth—my concerns were not on illegal diversion of funds to the contras. That was about the farthest from my mind. Here was an initiative that had been going on for about 14 months and was about to spin out of control, and no one seemed to be realizing what was occurring.

the first signs of the operation's demise had occurred. But the secret drama had another scene to play before it became a public scandal.

Charles Allen told the Board:

... I was very troubled in September that the operation was to spin out of control, and I became convinced, without any evidence, but I've been trained all my life as an intelligence officer to make assessments, that perhaps because Secord and Hakim were directly involved and were also directly involved in supplying the contras, and I could not understand this incredible price markup that we were seeing—the complaints were coming from Iran, from Ghorbanifar, from the Special Assistant to the Prime Minister of Israel, although later he didn't raise that issue again, and I think perhaps—it's just speculation—he was advised by the NSC that maybe some of the money was being diverted to the contras.

On 1 October I went to Bob Gates, the Deputy Director, and I said, I am deeply concerned that:

And I added at the end of my conversation, I said, and this first channel that has been shut down by the NSC is a running sore. The creditors are demanding payment and I said this is going to be exposed if something isn't done. I said perhaps the money has been diverted to the contras, and I said I can't prove it. Gates was deeply disturbed by that and asked me to brief the Director.

For one reason or the other, I did not talk to the Director of Central Intelligence until 7 October. I raised that issue at that time about the operational security of the problem. I also raised the issue of diversion to the contras, and Mr. Casey at that stage said Mr. Furmark has just talked to me, and he didn't talk about the contras, but he talked about the problems of the Canadian investors, and that they are threatening to take law suits to try to take some action.

I said to Mr. Casey, I think I should put all my troubles down in a memorandum, and he said that would be good, and on Columbus Day, October 13, I laid out a comprehensive memorandum which laid out what I thought were the original objectives of the NSC initiative—to open up a geo-strategic relationship in the long term with Iran, to get the hostage situation out of the way as a stumbling block to any further relations with Iran, and to discourage Iran from conducting terrorism.

And throughout this initiative Colonel North constantly reiterated to the Iranians no more terrorism against Americans. And in fact terrorism against western targets and against Americans have been substantially reduced since 1984.

I presented this memorandum to Mr. Gates on the 14th because I wasn't certain what he wanted. I gave three recommendations—that we immediately set up a planning cell in the NSC headed by an individual like Henry Kissinger, Hal Saunders, Dick Helms—I forgot who else—to really take a hard program review of this whole initiative. What are we trying to achieve? What are our short-term objectives? What are our long-term objectives? What are our options? A critical review of everything. And I said this is the first recommendation.

The second recommendation was to get ready for exposure of this initiative. We don't even have press guidance. We ought to start preparing some. And to get together a group that's familiar with the Ghorbanifar channel and decide how best we can shut it down in an orderly system-like fashion.

The Director was taken by this memorandum, and he took the original, called Poindexter and said I must see

you right away. And he and Gates jointly met with Poindexter on the 15th. They presented the memorandum. They talked in considerable detail about it. Poindexter read it carefully in their presence, asked who wrote it. I have known John Poindexter for several years and I admire him greatly. And they said Charlie Allen wrote it, and Admiral Poindexter promised to look into it. And Bill Casey told me that he advised Admiral Poindexter to get a White House counsel involved right away because it contained in the memorandum that there would be allegations of impropriety and shabby conduct by U.S. officials, regardless of how this comes out, if this was publicly exposed.

And at this meeting the Director and Bob Gates called me in after they had returned from seeing Admiral Poindexter and Director Casey asked me to see Roy Furmark again. I saw Roy Furmark on the 16th. I got additional information. I wrote another memorandum on October 17 which I laid out how deeply troubled I was because I could see this thing blowing up and we were going to have an incredible mess on our hands.

I told Mr. Furmark I needed to sit a long time with him and debrief him fully, and I was to see him early—I guess it was about the week of the 20th of October—but it was the 22nd before we could get together in New York. I took George Cave with me, and at that stage Mr. Furmark made an allegation that he had been told by Ghorbanifar that the bulk of the \$15 million that had been raised by the Canadian investors and the Arab investor, which Khashoggi had guaranteed, would be repaid within 30 days at 20 percent interest that the bulk of that money had gone to the contras in Central America.

I recorded all this in a memorandum. Mr. Cave and I jointly prepared the memorandum. It went to Mr. Casey. Mr. Casey again was deeply disturbed. He talked to Admiral Poindexter on secure [telephone]. For some reason, the memorandum from Casey to Poindexter was never sent. It fell into the wrong out box. Casey, when this whole thing erupted on the 25th of November, he was deeply upset to find out he had not signed it. He thought it had gone to Admiral Poindexter. But it laid it out starkly that there would be allegations, that Ghorbanifar had made allegations of diversion of funds to the contras.

Chairman Tower: And that was October 17 that that memorandum was dated?

Mr. Allen: It was never dated because he [Casey] didn't sign it, but it was October 24—the 23rd of October. I came back and Mr. Cave and I briefed Casey at 9:00 on the 23rd. We told him the whole thing. Mr. Casey was deeply upset and said immediately prepare that memo. For some reason, the memo was never sent, but he talked to Admiral Poindexter again.

Chairman Tower: What occurs to me is that anything that critical, that important, he would have discussed with Admiral Poindexter.

Mr. Allen: He did, and he discussed this whole problem on the 7th. He discussed it in depth with Admiral Poindexter on the 15th, when he said you better get your White House counsel involved immediately.

Chairman Tower: And he was never aware that Poindexter had not gotten the memo?

Mr. Allen: Not until the 25th of November, when Mr. Casey asked me to pull all the memos together, and he said I sent that memo down and I also

talked to him on the 24th of October is actually the date it finally got into his in box. But he found out he had not sent it. He was deeply disturbed and upset. As a matter of fact, on the 7th of October he had called Admiral Poindexter. He had met with Admiral Poindexter, along with Mr. Gates, on the 15th. He had also talked to Admiral Poindexter on the 24th about this.

He had given a lot of warning to Admiral Poindexter that this operation was spinning out of control.

I later met with Mr. Furmark on the 7th of November, but at that stage the operation was starting to be exposed in a major way, so the fact that the Canadian investors were threatening a law suit didn't seem to be as significant to me at that stage.

...

[The article appeared in the Lebanese paper on the] 3rd of November, and Rafsanjani on the 4th made his statement that McFarlane came uninvited and we locked them up for five days, which was not true, but Mr. Rafsanjani was covering his derriere just a little on that.

I guess my only comments on this was that the new channel that was opened in mid-August, I had some doubts about it initially, but it's turned out to be a very solid channel, that the initiative today is in the hands of the Department of State.

(C. Allen (1) 29-35) Furmark told the Board that, on October 7, he met the Director of Central Intelligence in Washington, and explained that "the Canadians were putting lots of pressure on Adnan [Khashoggi], and that they were going to sue him and he would have to then bring in [sic] the U.S. into the transaction." (Furmark 10)

At the same time the financiers of the arms transfers were pressing, allegedly, to recover

their investment, the NSC staff and the CIA prepared to make another shipment of arms to Iran. On October 16, Earl reported a call from chief of the Iran desk at the Agency:

The fool's [sic] want to get Nir to grease the skids in advance on their request for flight clearance to Tel Aviv before they submit the paperwork. I've got the info when you're ready to let Nir know. . . . I recommend you DON'T [sic] tell him the flight plan data when you first tell him the thing is approved, however; it's so detailed he'll know we held out on him. Suggest you tell him I'm working w/ the fool's now to develop that info and we'll pass it to him as soon as we have it. Then we can call him again later tonight or tomorrow. New subject: The fool's are leaning forward as far as they can—e.g. the toes [sic] are apparently being palletized in Alabama already—but they can't get everything going until they have the money (\$2.037m) in hand. They've asked for a heads up when Copp/Abe deposit it in their Berne account. I've codedup [sic] this request for a heads up/confirmation and sent it to Bob M. [J. Robert McBrien] and [encryption device].

(Earl PROF note to North,** 10/16/86, 17:42:53) Coy reported to Earl on the 20th that the chief of the Iran desk had relayed information about 12 pallets, each carrying 44 TOWs.

"Material [TOWs and medicine] is put together and will be shipped from AL when money is avail. Planning delivery to Adam [Nir] in T.A. [Tel Aviv] on Oct 29. (Coy PROF note to Earl, 10/20/86, 11:59:29) On October 21, 1986, Edward Tracy, a booksalesman, was kidnapped in Beirut.

While preparations for another shipment of TOWs continued, North and his team went to

** McFarlane again expressed concern about North. He wrote Poindexter on October 10: "At some point I would like to raise Olle's situation with you. I really think he has become every Democrat's best target and as hard as it would be to lose him, it will serve your and his long term interest to send him back to the Corps" (McFarlane PROF note to Poindexter, 10/10/86, 15:10:42)

Frankfurt for another meeting with the Relative. North left Washington on October 26. (North Calendar) On October 29, Earl relayed a report from North to Poindexter:

Gist of following message already given to you by phone on the plane, but thought you may need some of the details:

For JMP from North. Iranian rep [the Relative] assures us we will get 2 of the 3 US hostages held by Hizballah in next few days—probably Fri or Sat but NLT Sunday. To ensure good coordination w/ all concerned, propose North, [and] Secord . . . proceed ASAP to Beirut to coordinate release of two hostages. If approved, we wd proceed from Frankfurt to Larnaca via charter jet then to Beirut via US military helo to brief our ambassador. . . . Neither Secord nor North wd be visible but wd brief Amb Kelly on details. Secord wd attend because he will have to brief Amb on third hostage as well as remaining three (ie total of 4 Americans) when we get info from Rafsanjani on locations, shd we decide to proceed on a rescue msn when Iranians give us locational info. Press guidance for a Presidential announcement of the release before it becomes known will be developed along lines of quote The USG is grateful to all those who have assisted in this effort—and that two more AMCITS have been released unquote. Our effort is to have RR make the announcement before CNN knows it has happened, but after the AMCITS are in USG hands, so that RR is seen to have influenced the action and Syrians are not. . . .

(Earl PROF note to Poindexter, 10/29/86, 22:23:43)

North's account to Poindexter omitted the extensive discussion about the third American hostage and what could be done to secure his freedom. North told the Relative that he had already found a technician to work with the Iranians on their HAWK systems, but Secord added that it would be "highly unlikely that we would be allowed to send technicians into Iran, to Isfahan, until we get that guy out." The Rel-

ative replied that Rafsanjani "has been taken with the subject of the Phoenix [air to air missile]," and that if the Iranians "could just get a couple of these things working, and if it would hit an . . . Iraqi plane . . . it would be a terrible blow to [Iraqi] morale. . . ." The Relative promised that, if the U.S. would send a technician to help with the Phoenix missiles Iran already had, he would "personally get the third guy out, and . . . could tell [the U.S.] where the rest of the guys [three most recent U.S. hostages] are." North promised the technician, planning to send him in at the same time as the additional HAWK parts. Responding to the Iranian's question on the next delivery of 500 TOW missiles, North answered: "If you get the hostages out, we'll send you a million of them. All you have to do is pay for them. And if you guys get your act together, we'd open up an FMS account and you'd get a better price on them."

Jacobsen was released November 2. North kept hoping others would be released if the story could be kept quiet for a few days. (Coy PROF note to Poindexter, 11/02/86, 4:25:06) It was not to be.

The day after a Beirut magazine published an account of the May trip to Tehran, Teicher wrote Poindexter:

The reports of Bud's trip in pro-Syrian Lebanese newspapers coming on the heels of high-level Iranian visits to Damascus, are the clearest possible signals we could receive that the succession struggle is underway and U.S.-Iranian relations are likely to play an important role in the struggle. Obviously there are many possible interpretations of the story; maybe it was putout by Mugnyas to embarrass Iran for putting so much pressure on him. We may never know the exact reason, but we must not let this opportunity to assess the consequences in Iran of these revelations from slipping through our fingers. I think it would be useful to produce an assessment of the range of possible interpretation, and possible U.S. options. To be fair, I also think it would be appropriate to involve

Dennis Ross. He is unaware of the compartment or our activities. Once we finish the analysis, I strongly urge you to discuss our options with Shultz and Casey. At a minimum, we need to determine how best, other than parts, etc., to signal the Iranians in a productive manner.

(Teicher PROF note to Poindexter, 11/04/86, 09:35, through Pearson (lower case in original))

On October 29, North had written Poindexter: "This is the damndest operation I have ever seen. Pls let me go on to other things. Wd very much like to give RR two hostages that he can take credit for and stop worrying about these other things." (North to Poindexter, through Earl, 10/29/86).⁹⁸

⁹⁸ North also expressed frustration over the investigation of Secord's air line, Southern Air Transport. (*Id.*)

Appendix B Charts and Narratives

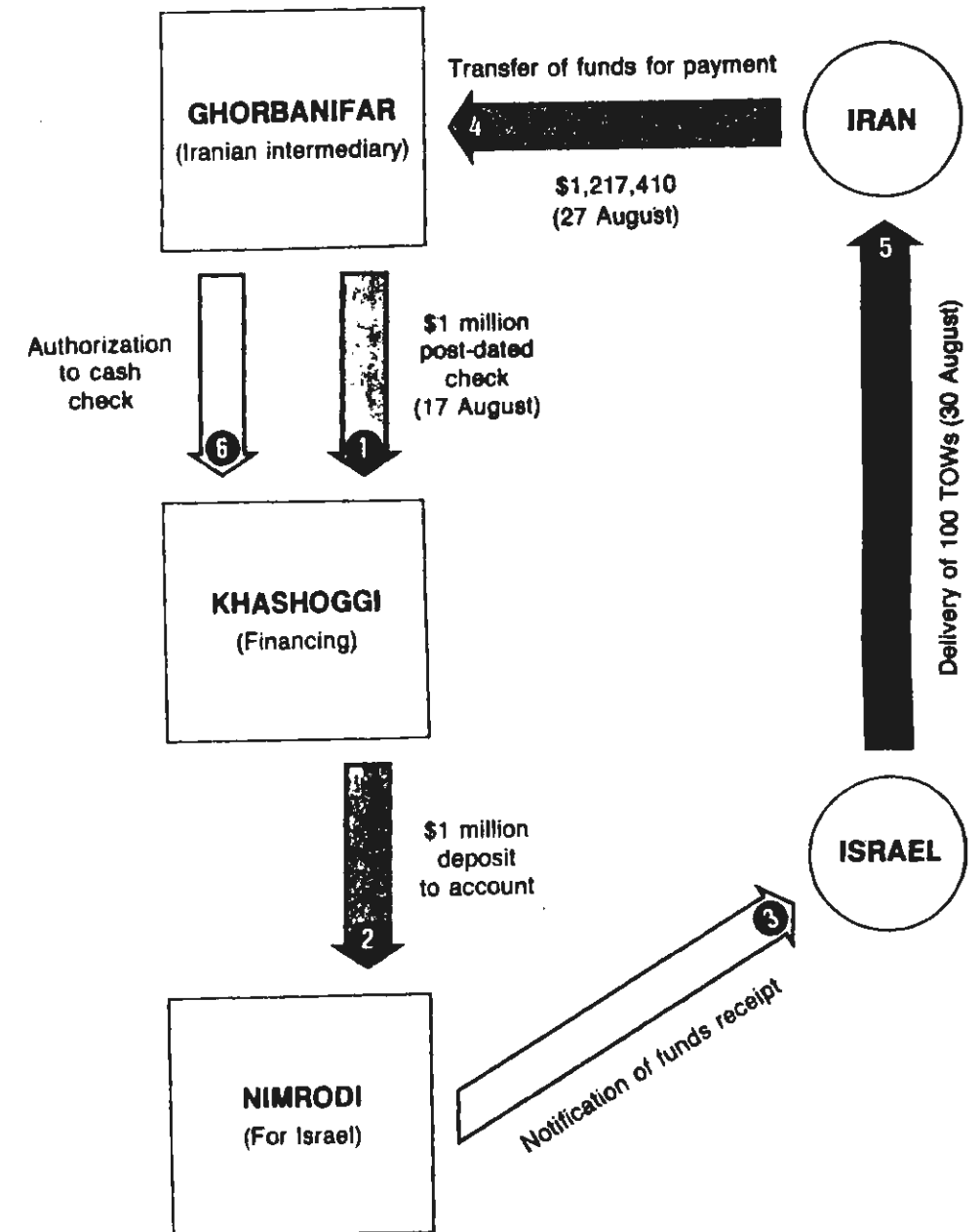
The following charts and accompanying narrative explanations represent an estimate of the arms transactions with Iran based on evidence developed by the Board from interviews and documentary materials.

TRANSACTION ONE: AUGUST 1985

- Step 1**—Ghorbanifar provides Khashoggi with \$1 million post-dated check on August 17.
- Step 2**—Khashoggi deposits \$1 million in Nimrodi-controlled Israeli account at Swiss bank.
- Step 3**—Nimrodi notifies Israeli officials of funds having been received.
- Step 4**—Iran transfers \$1,217,410 to Iranian account at Swiss bank¹ on August 27 to pay for shipment.
- Step 5**—Israel delivers 100 TOW missiles to Iran on August 30.
- Step 6**—Ghorbanifar notifies Khashoggi that check is covered.

¹ Monies are actually transferred to an Iranian Government account prior to release to Ghorbanifar. This intermediate step has been dropped for purposes of simplification.

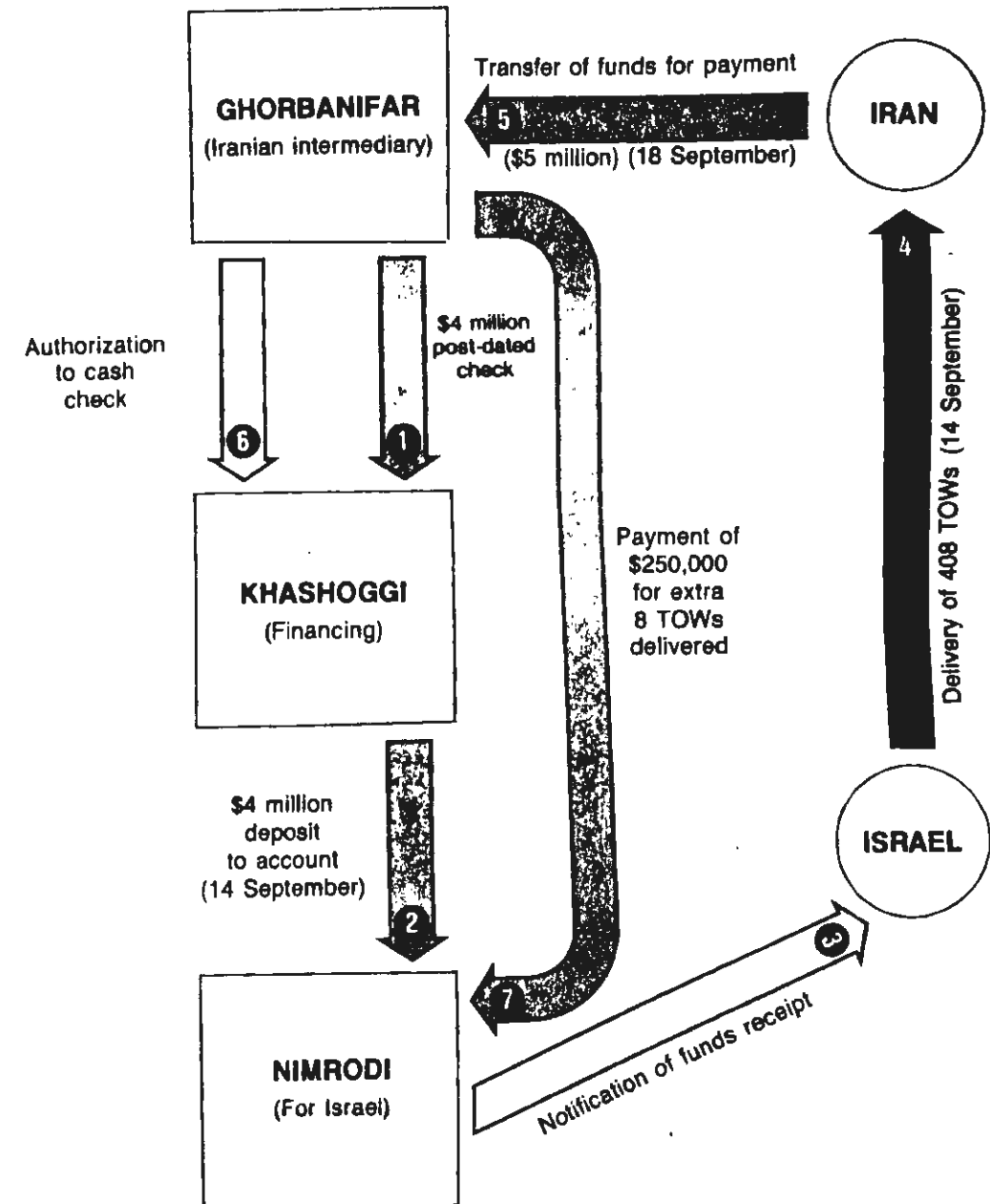
TRANSACTION ONE: AUGUST 1985 SALE OF 100 ISRAELI TOW ANTI-TANK MISSILES



TRANSACTION TWO: SEPTEMBER 1985

- Step 1**—Ghorbanifar provides Khashoggi with \$4 million post-dated check.
- Step 2**—Khashoggi deposits \$4 million to Nimrodi-controlled account on September 14.
- Step 3**—Nimrodi notifies Israeli officials that funds have been received.
- Step 4**—Israel delivers 408 TOW anti-tank missiles to Iran on September 14.
- Step 5**—Iran transfers \$5 million to Iranian account at Swiss bank on September 18 to cover purchase.
- Step 6**—Ghorbanifar notifies Khashoggi that check is covered.
- Step 7**—Ghorbanifar pays Nimrodi \$250,000 for additional eight TOW missiles.

TRANSACTION TWO: SEPTEMBER 1985 SALE OF 408 ISRAELI TOW MISSILES

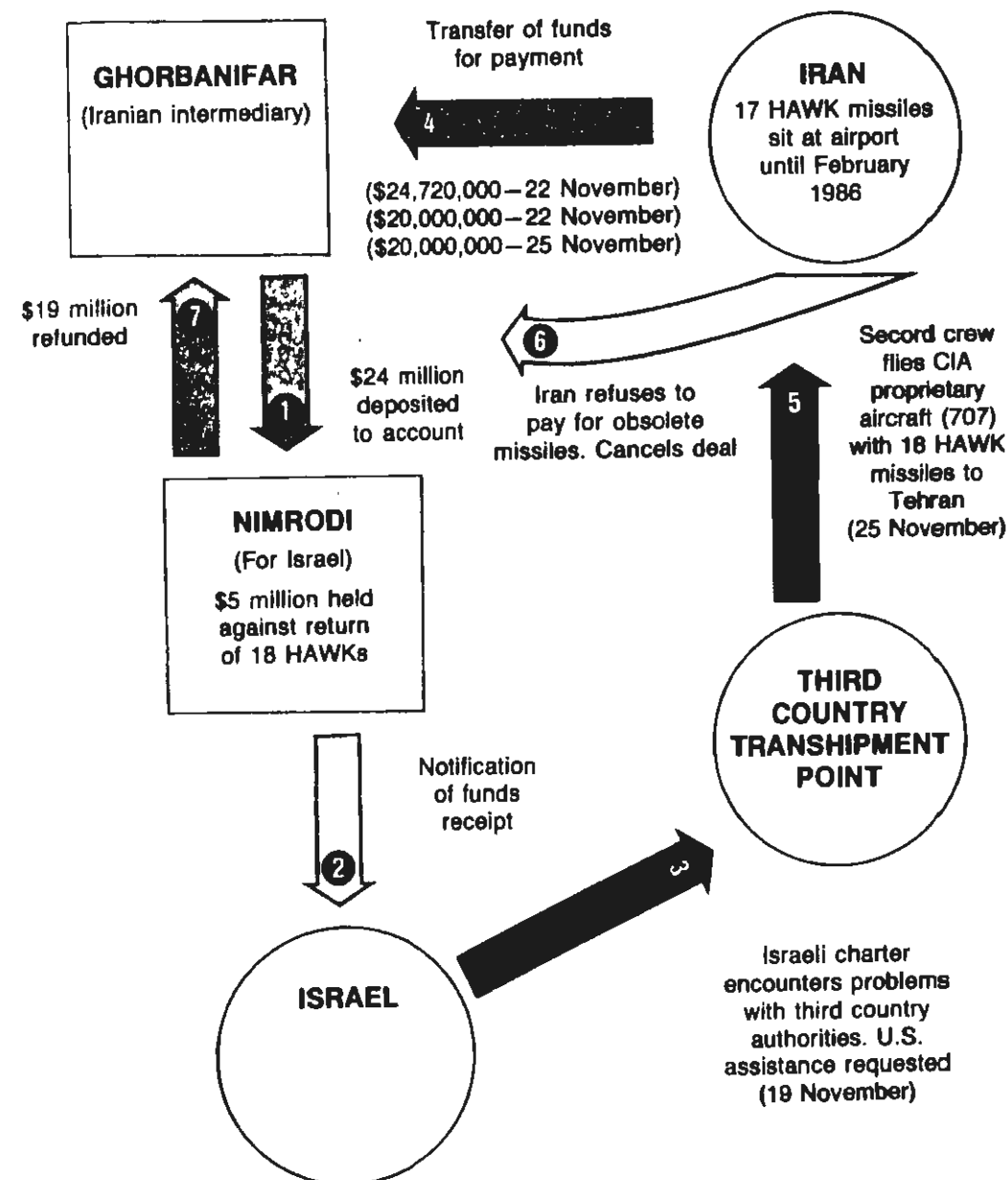


TRANSACTION THREE: NOVEMBER 1985

- Step 1**—Ghorbanifar deposits \$24 million to Nimrodi-controlled account.
- Step 2**—Nimrodi notifies Israel of funds receipt.
- Step 3**—Israeli charter aircraft encounters difficulty in obtaining landing clearance from third country staging point. U.S. assistance sought.
- Step 4**—Iran transfers funds to Iranian accounts in Switzerland to cover purchase of HAWK missiles on November 22 and 25.¹
- Step 5**—Eighteen HAWK missiles delivered to Iran aboard CIA proprietary aircraft flown by Second crew on November 25.
- Step 6**—Iran refuses to pay for obsolete missiles delivered. Cancels deal.
- Step 7**—Nimrodi returns Ghorbanifar's money less \$5 million for HAWKS delivered.

¹ Two deposits were made to the same Iranian account at Credit Suisse used to finance the two earlier TOW purchases. The third deposit was to an Iranian account at a different Swiss bank. The \$24.72 million transfer apparently was to cover the purchase of 120 HAWK missiles. The Board has no evidence to conclude for what purpose the other two deposits were intended.

TRANSACTION THREE: NOVEMBER 1985 ABORTED SALE OF 120 ISRAELI HAWK ANTI-AIRCRAFT MISSILES WITH U.S. DELIVERY ASSISTANCE



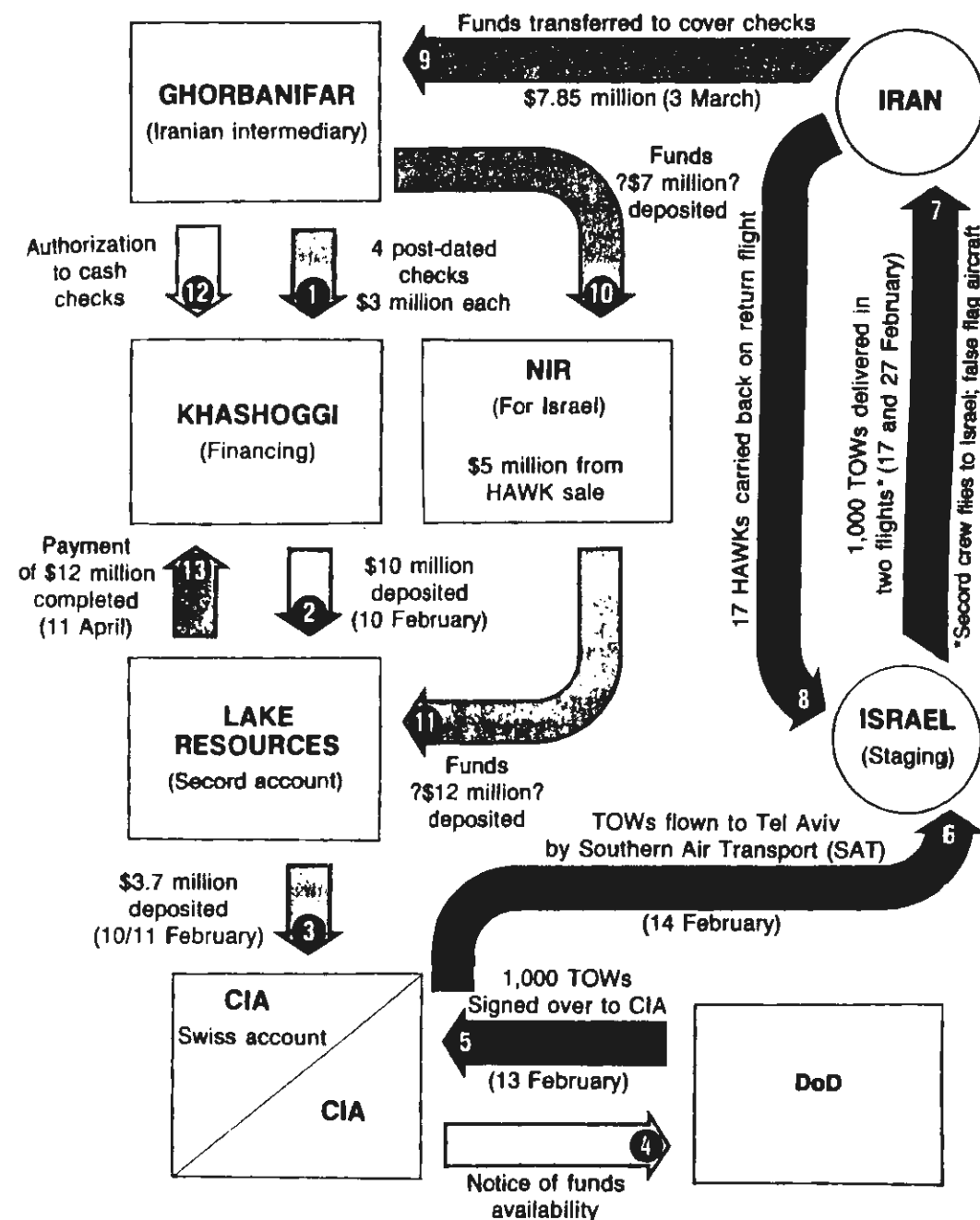
TRANSACTION FOUR: FEBRUARY 1986

- Step 1**—Ghorbanifar provides Khashoggi with four post-dated checks for \$3 million each.
- Step 2**—Khashoggi deposits \$10 million in Lake Resources account on February 10.
- Step 3**—\$3.7 million is transferred to CIA account at Swiss bank on February 10 and 11.
- Step 4**—CIA certifies availability of funds to DoD for purchase of 1,000 TOWs.
- Step 5**—DoD signs over 1,000 TOWs to CIA on February 13.
- Step 6**—Southern Air Transport (SAT) flies TOWs to Israel on February 14.
- Step 7**—Second crew flying Israeli false flag aircraft delivers TOWs to Iran on February 17 and 27.
- Step 8**—17 HAWK missiles¹ carried back to Israel on return flight.
- Step 9**—Iran transfers \$7.85 million to Swiss account on March 3 to cover repayment of Khashoggi.²
- Step 10**—Ghorbanifar makes deposit to Israeli account controlled by Amiram Nir.
- Step 11**—Nir transfers funds to Lake Resources account.
- Step 12**—Ghorbanifar notifies Khashoggi that checks are covered.
- Step 13**—Khashoggi is repaid \$12 million from Lake Resources account by April 11.

NOTE: The difference between what Iran was charged and DoD paid leaves \$6.3 million unaccounted for and available for diversion.

¹ The eighteenth missile was test-fired without success at an Iraqi fighter over Kharg Island.
² The Board concludes that the difference between this transfer and the \$12 million repaid Khashoggi was covered by the \$5 million withheld by Israel pending return of the HAWK missiles.

TRANSACTION FOUR: FEBRUARY 1985 SALE OF 1,000 U.S. TOW MISSILES



TRANSACTION FIVE: MAY 1986 (SUPPLEMENTED IN AUGUST 1986)

Step 1—Ghorbanifar provides Khashoggi with 3 post-dated checks for \$1, 6, and 11 million.

Step 2—Khashoggi deposits \$15 million to Lake Resources account on May 14.

Step 3—Lake Resources transfers \$6.5 million to CIA Swiss account on May 15.

Step 4—CIA certifies availability of funds to DoD on May 16.

Step 5—DoD signs over 508 TOWs and quantity of HAWK spare parts on May 16 and 19.

Step 6—SAT flies TOWs and HAWK spares to Israel on May 23 and 24.

Step 7—One pallet of HAWK spares arrives in Tehran with McFarlane party on May 25.

Step 8—Second aircraft with additional HAWK spares turned back in mid-flight when no hostages are released (May 25).

Step 9—Iran transfers \$8 million to Swiss account in July and August in payment against goods received.

Step 10—Additional HAWK spares delivered to Iran on August 3.

Step 11—Ghorbanifar transfers funds to Israeli account controlled by Nir.

Step 12—Nir transfers funds to Lake Resources account.

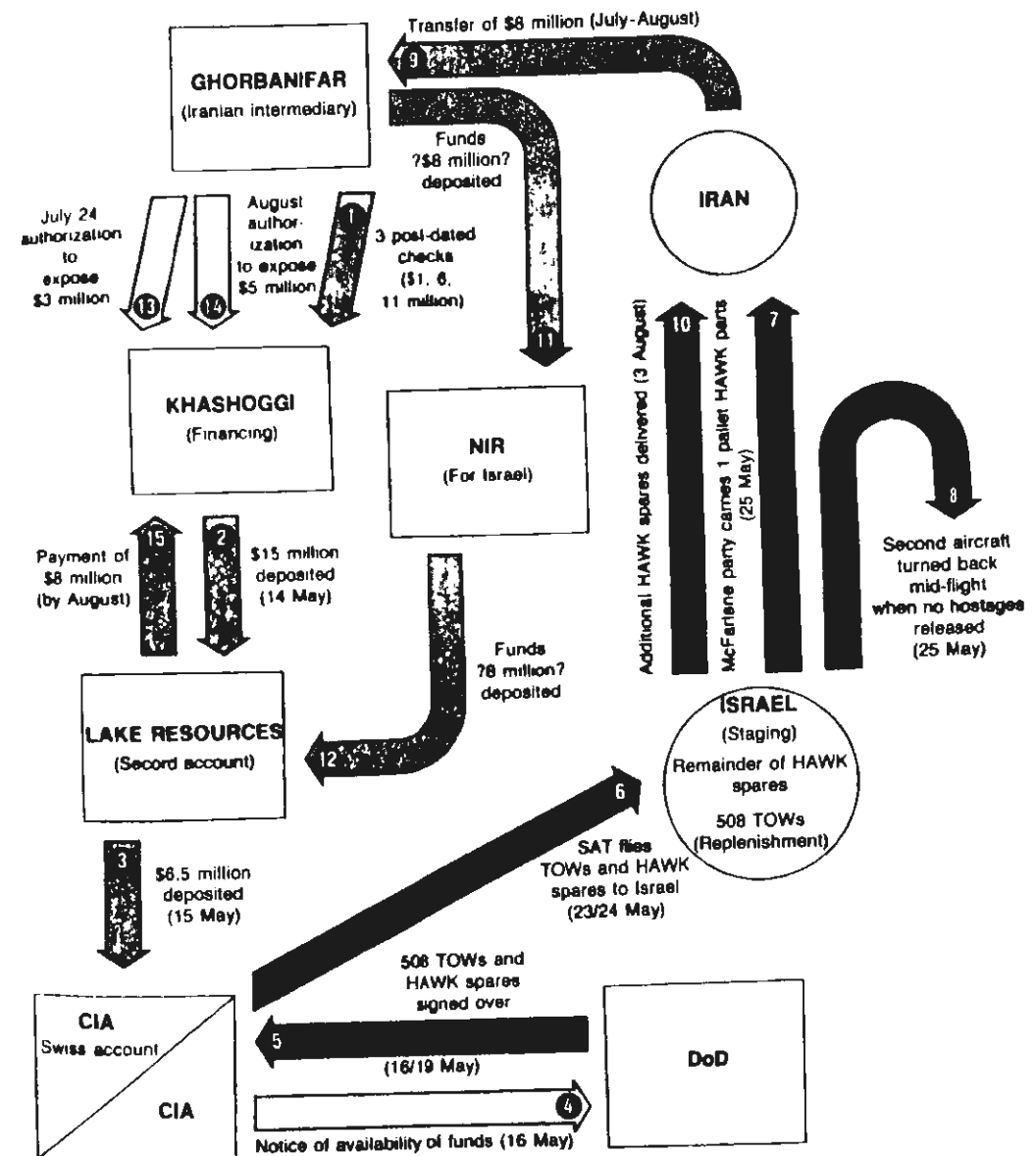
Step 13—Ghorbanifar authorizes Khashoggi to expose \$3 million against checks held on July 24.

Step 14—Ghorbanifar authorizes Khashoggi to expose additional \$5 million in August.

Step 15—By August, Khashoggi has been repaid out of Lake Resources account \$8 million of the \$15 million loaned.

NOTE: The difference between the amount charged Iran (as advanced by Khashoggi) and that paid to DoD leaves an additional \$8.5 million unaccounted for and available for diversion.

TRANSACTION FIVE: MAY 1986 (SUPPLEMENTED IN AUGUST) PARTIALLY COMPLETED SALE OF VARIOUS U.S. HAWK MISSILE SYSTEM SPARE PARTS



TRANSACTION SIX: OCTOBER 1986

Step 1—Iranian representatives (the Second Channel) deposit \$7 million into Lake Resources account on September 26¹ to cover purchase of 500 TOWs and additional HAWK spares.

Step 2—Lake Resources transfers \$2.037 to the CIA Swiss account. Because of a communications failure between North and Secord, the deposit is made to a closed account.

Step 3—Because the funds are not immediately available for DoD, North asks Israel to deliver 500 TOWs from its own inventory.

Step 4—500 Israeli TOWs delivered to Iran on October 30 and 31.

Step 5—500 TOWs released to CIA and transported to Kelly AFB on November 3.

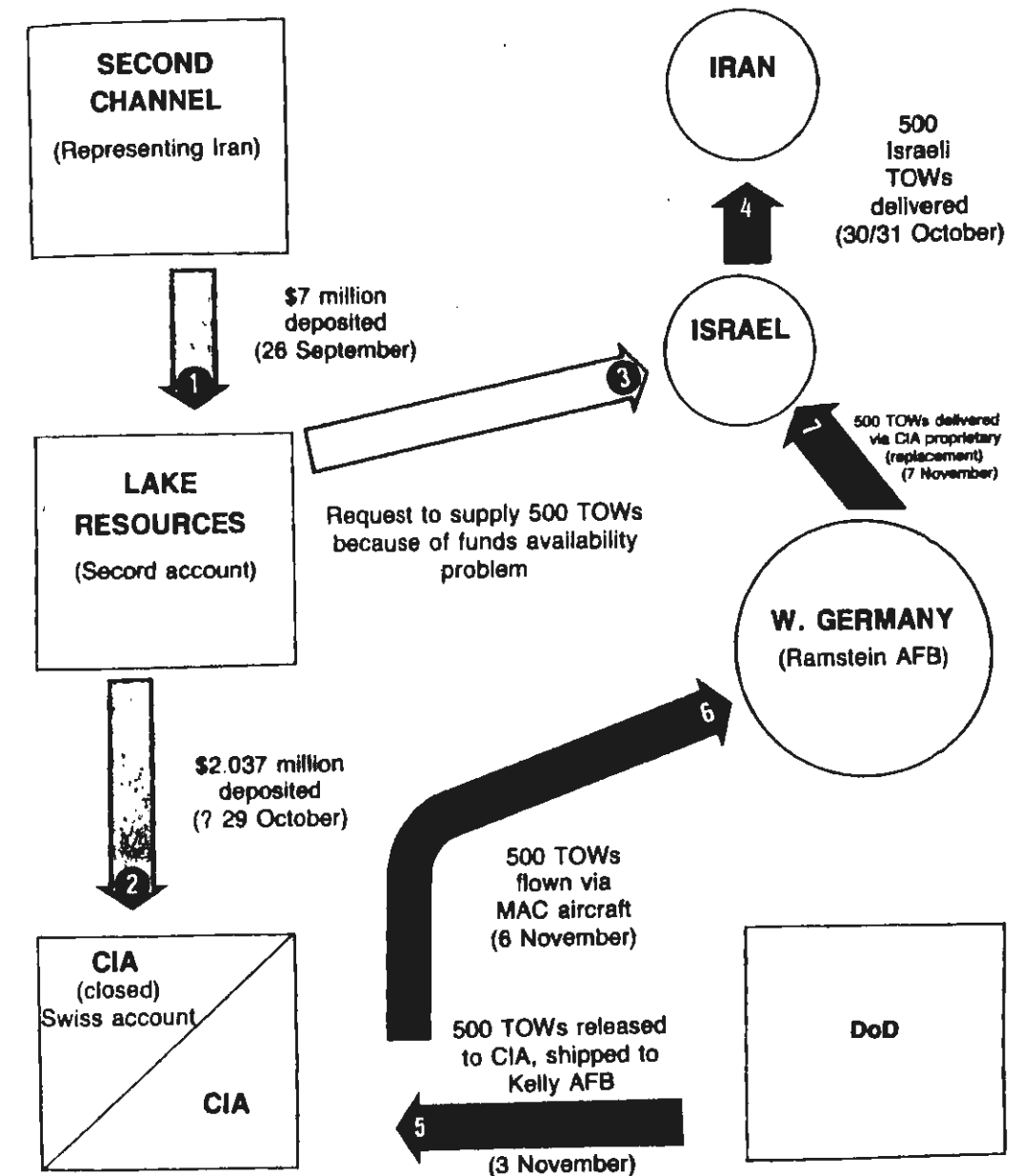
Step 6—TOWs shipped to Ramstein AFB, West Germany, via MAC flight on November 6.

Step 7—CIA proprietary airline delivers TOWs to Israel on November 7 as replacements.

NOTE: The difference between the amount provided by Iran and that paid to CIA (DoD was still unpaid for this last shipment as of January 20, 1987) leaves another almost \$5 million unaccounted. This brings the total amount available for diversion between February and October 1986 to approximately \$19.8 million less actual costs incurred in support of the operation.

¹ There is some discrepancy surrounding these dates. The September 26, 1986, date is contained in a PROF note from North to Poindexter which also contains the \$7 million figure. The CIA I/G report, relying on George Cave, states that the relative brought a check for \$4 million with him to the late October meetings in Frankfurt. Confronted with this inconsistency, the Board has chosen to rely on the contemporaneous account of LtCol North.

TRANSACTION SIX: OCTOBER 1986 SALE OF 500 U.S. TOW MISSILES AND VARIOUS HAWK MISSILE SYSTEM SPARE PARTS



WOT

Appendix C

The NSC Staff and the Contras

In December, 1981, President Reagan signed a National Intelligence Finding establishing U.S. support for the Nicaraguan resistance forces. The policy of covert support for the Contras was controversial from the start—especially in Congress. Concern that this policy would provoke a war in the region led Congress on December 21, 1982 to pass the "Boland Amendment," barring the Central Intelligence Agency and the Department of Defense from spending funds toward "overthrowing the Government of Nicaragua or provoking a military exchange between Nicaragua and Honduras."

Despite disagreement—both within the Administration and with the Congress—the policy continued apace. In September, 1983, President Reagan signed a second Nicaragua finding authorizing "the provision of material support and guidance to the Nicaraguan resistance groups." The objective of this finding was twofold:

- inducing the Sandinista Government in Nicaragua to enter into negotiations with its neighbors; and
- putting pressure on the Sandinistas and their allies to cease provision of arms, training, command and control facilities and sanctuary to leftist guerrillas in El Salvador.

Congressional opposition grew when reports were published that the CIA had a role in directing the mining of the Nicaraguan harbors in summer 1983. On December 8, 1983, Congress tightened the scope of permissible CIA activities, placing a \$24 million cap on funds that could be spent by DoD and CIA or any

other agency "involved in intelligence activities" toward "supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement or individual." In October, 1984, Congress cut off all U.S. funding for the Contras, unless specifically authorized by Congress. Section 8066(a) of the Fiscal Year 1985 DoD Appropriations Act provided:

During fiscal year 1985, no funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual.¹

This legislation presented the Administration with a dilemma: how, if at all, to continue implementing a largely covert program of support for the Contras without U.S. funds and without the involvement of the CIA. As soon as the Congressional restrictions were put into effect, CIA headquarters sent instructions to its field stations to cease all contacts with resistance groups except for intelligence collection activities:

Field stations are to cease and desist with actions which can be construed to be pro-

¹ A narrower but substantively similar provision was incorporated the next day into the Intelligence Authorization Act for Fiscal Year 1985. A series of continuing resolutions extended the prohibition through December 19, 1985.

viding any type of support, either direct or indirect, to the various entities with whom we dealt under the program. All future contact with those entities are, until further notice, to be solely, repeat solely, for the purpose of collecting positive and counter-intelligence information of interest to the United States.

From the outset, questions were raised as to whether the provision applied to the NSC staff. Some in Congress argued that the Boland Amendment applied to the NSC staff, since it is "involved in intelligence activity." Executive Order 12333 on covert action and Congressional oversight designates the NSC "as the highest Executive Branch entity that provides review of, guidance for and direction to the conduct of all national foreign intelligence, counterintelligence, and special activities, and attendant policies and programs."

But the NSC staff appears to have received different advice. A classified legal memorandum, retrieved from LtCol North's safe, apparently was prepared by the President's Intelligence Oversight Board ("IOB") between March 1 and December 19, 1985. The letterhead and transmittal information had been removed, but the document contained references to "the Board" and "the Board's Counsel" and resembled in form, style and subject matter other memoranda prepared for the NSC staff by the IOB.³ The memorandum was developed in response to a letter from then Congressman Michael Barnes. It concluded: (1) "the NSC is not covered by the prohibition," (adding by footnote that "LtCol. North might be, as he evidently is on a non-reimbursed detail from the Marine Corps");⁴ and (2) "None of LtCol

³ The IOB did not provide a copy of this document in response to the Board's request for all memoranda "providing legal advice to the NSC staff in 1985 and 1986." The IOB did provide two other memoranda to the Board dated May 19, 1986 and May 29, 1986, respectively, that address allegations: (a) that North and CIA employees made statements to overthrow the government in Nicaragua; and (b) that the CIA prepared an "assassination manual" contrary to law. In both cases, the IOB found the allegations unfounded. A third IOB memorandum provided in response to the Board's request is discussed *infra*.

⁴ The IOB cited three points to establish that section 8066 did not apply to the NSC and, presumably, its staff. First, the IOB looked to Congressional intent, which it asserted was demonstrated by the parallel but narrower provisions of the FY 1985 Intelligence Authorization Act. That Act, passed by Congress the day after section 8066, was narrower in two respects: (a) it omitted the reference to "any agency or entity involved in intelligence activity"; and (b) it was limited to "funds authorized to be appro-

North's activities during the past year constitutes a violation of the Boland Amendment."

After October, 1984, the NSC staff—particularly Oliver North—moved to fill the void left by the Congressional restrictions. Between 1984 and 1986, LtCol North, with the acquiescence of the National Security Advisor, performed activities the CIA was unable to undertake itself, including the facilitation of outside fundraising efforts and oversight of a private network to supply lethal equipment to the Contras.

The Director of the CIA Central American Task Force (CATF), described the inter-agency process on Central America at the time he moved into his job in late September, 1984:

"There was only one point in the apparatus [sic] who was functioning and who seemed to be able and was interested and was working the process, and that was Ollie North. And it was Ollie North who then moved into that void and was the focal point for the Administration on Central American policy during that timeframe [until fall 1985]."

The NSC Staff Steps Into the Void

LtCol North's involvement in Contra support is evident as early as September, 1984, before the October, 1984 ban was in effect. He directed his attention to two areas: operations and fundraising.

1. North's operational role: September, 1984–October, 1985

In a memorandum on September 2, 1984 LtCol North informed Mr. McFarlane of a recent air attack launched into Nicaraguan territory by the Federated Democratic Resistance

prated by this Act or by the Intelligence Authorization Act for Fiscal Year 1984." Legal intent as evinced by this narrower statute was deemed to govern interpretation of the 1980 Appropriations Act.

Second, the IOB noted that E.O. 12333, which designates the NSC as the "highest Executive Branch entity" responsible for the conduct of foreign intelligence, does not include the NSC among the agencies comprising "the Intelligence Community."

Finally, the IOB argued that the exclusion of the NSC staff was intended by Congress because the prescribed role of the NSC was to coordinate rather than implement covert action.

("FDN"), a major Contra faction. LtCol North said that at a meeting the previous day he and a CIA official involved in Central American affairs had urged Contra leader Adolfo Calero to postpone the attack. Despite Mr. Calero's agreement, the plan was carried out and, in the course of the attack, the Contras lost "the only operating FDN helicopter on the Northern Front."

LtCol North regarded this loss as "a serious blow." He told Mr. McFarlane, "It may therefore be necessary to ask a private donor to donate a helicopter to the FDN for use in any upcoming operation against an arms delivery." Outside help was necessary since "FDN resources are not adequate to purchase a helicopter at this time." He recommended that Mr. McFarlane grant him approval to approach a private donor for "the provision of a replacement civilian helicopter."

At the bottom of the memorandum Mr. McFarlane initialed, "Disapprove," and wrote, "Let's wait a week or two." After further thought, Mr. McFarlane apparently changed his mind. He crossed out the above sentence and wrote, "I don't think this is legal."

Two months later, in another memorandum to Mr. McFarlane, LtCol North sought approval to continue providing intelligence support to Mr. Calero. Mr. Calero had requested information from LtCol North to assist him in efforts to "take out" Soviet provided Hind-D helicopters recently shipped to El Bluff, Nicaragua. LtCol North told Mr. McFarlane that he earlier had forwarded Mr. Calero responsive intelligence obtained from Robert Vickers, CIA National Intelligence Officer for Latin American affairs and GEN Paul Gorman. Mr. Calero decided to fly to Washington that day to review with LtCol North a plan to strike the Hinds and a longterm strategy for establishing a Calero-Cruz coalition. The Director of the CIA CATF contacted LtCol North when he learned of Mr. Calero's unexpected trip to Washington, but, citing the new statutory prohibitions, declined an invitation to meet with LtCol North and Mr. Calero.

Director Casey learned of LtCol North's discussions with the CIA official and expressed his concern to Mr. McFarlane that LtCol North had discussed "Calero, Guatemala, MIGs, dollars, etc." LtCol North's November 7 memorandum

assured Mr. McFarlane that he had withheld much information in his conversations:

At no time did I discuss with [name deleted] financial arrangements for the FDN. At no time did I indicate that Calero was attempting to attack the MIGs. I specifically told [the Director of the CIA CATF] that Calero was attempting to collect information on the MIGs in Corinto and would pass this information to a CIA agent in Tegucigalpa if it was available.

In 1985, LtCol North's interest in operational activities with respect to the Contras increased. In a memorandum for Mr. McFarlane on February 6, 1985 LtCol North discussed a Nicaraguan merchant ship, the MONIMBO, suspected of carrying arms via North Korea for delivery to Nicaragua. LtCol North recommended that Mr. McFarlane "authorize Calero to be provided with the information on MONIMBO and approached on the matter of seizing or sinking the ship." (emphasis added). LtCol North said that Calero would be willing to finance such an operation, but would require operational support. LtCol North suggested a friendly nation's special operations unit might be asked to assist in the operation. Once the ship was seized LtCol North said:

arrangements would have to be made for removal of the cargo for further transfer to the FDN, since it is unlikely that any of the other Central American states would allow the MONIMBO to enter their harbors once she had been pirated.

At the bottom of the memorandum VADM Poindexter indicated his agreement: "We need to take action to make sure ship does not arrive in Nicaragua." A note from VADM Poindexter to Mr. McFarlane dated February 7 is attached to the memorandum, suggesting that the issue be raised at a meeting later that day of the Crisis Pre-Planning Group ("CPPG"), an inter-agency group established under auspices of the NSC system. VADM Poindexter wrote:

Except for the prohibition of the intelligence community doing anything to assist the Freedom Fighters I would readily recommend I bring this up at CPPG at 2:00 today. Of course we could discuss it from the standpoint of keeping the arms away from Nica-

ragua without any involvement of Calero and Freedom Fighters. What do you think? JP (emphasis added).

We have no record on whether this was discussed at the CPPG meeting but understand that the project was abandoned after the friendly government rejected involvement.

On February 6, LtCol North informed Mr. McFarlane of recent efforts by Maj Gen John Singlaub, USAF Ret; to raise funds for the Contras in Asia. LtCol North said that as a result, two foreign governments offered to provide assistance. LtCol North sought Mr. McFarlane's approval to coordinate Singlaub's contacts with these governments:

Singlaub will be here to see me tomorrow. With your permission, I will ask him to approach [X] at the [country deleted] Interests Section and [Y] at the [country deleted] Embassy urging that they proceed with their offer. Singlaub would then put Calero in direct contact with each of these officers. No White House/NSC solicitation would be made. [hand written notes:] Nor should Singlaub indicate any U.S. Government endorsement whatsoever.

We do not know if Mr. McFarlane ever approved this plan, but the Contras eventually received funds from both foreign governments.

LtCol North had further contacts with Mr. Singlaub in March. On March 5 he sent a letter to [an ambassador of a Central American country posted in Washington] requesting "a multiple entry visa" for Mr. Singlaub. LtCol North wrote the Ambassador: "I can assure you that General Singlaub's visits to [your country] will well serve the interests of your country and mine." On March 14, Mr. Singlaub reported to North on his recent trip. He said that he had met with several FDN leaders and that he had agreed to recruit and send "a few American trainers" to provide "specific skills not available within this (sic) current resources." Mr. Singlaub specified that "these will be civilian (former military or CIA personnel) who will do training only and not participate in combat operations."

More direct NSC staff involvement in efforts to gain third country support for the Contras was evident in a memorandum LtCol North sent to Mr. McFarlane dated March 5, 1985.

North described plans to ship arms to the Contras via [country deleted], to be delivered in several shipments starting on or about March 10, 1985. The transaction required certification that the arms would not be transferred out of [country deleted]. LtCol North attached copies of such end-user certificates, provided by [country deleted] for nearly "\$8 million worth of munitions for the FDN." He told Mr. McFarlane that these end-user certificates are "a direct consequence of the informal liaison we have established with GEN [name deleted] and your meeting with he [sic] and President [name deleted]." (emphasis added).

LtCol North's memorandum described the need to provide increased U.S. assistance to [country deleted] to compensate them "for the extraordinary assistance they are providing to the Nicaraguan freedom fighters." LtCol North said:

Once we have approval for at least some of what they have asked for, we can ensure that the right people in [country deleted] understand that we are able to provide results from their cooperation on the resistance issue.

An accompanying memorandum to Secretary Shultz, Secretary Weinberger, CIA Director Casey and Chairman of the Joint Chiefs of Staff Vessey requested their views on increased U.S. assistance to a Central American country, but made no reference to the Contra arms shipments or the end user certificates.

2. Private Funding: January-April, 1985

As the March, 1985, Congressional vote on Contra aid approached, elements of the NSC staff focused their efforts on strategies for repackaging the Contra program to increase support on Capitol Hill.

In a memorandum to Mr. McFarlane on March 16, 1985, LtCol North outlined a fall-back plan for supporting the Contras should the Congress not endorse resumption of U.S. Government support. LtCol North recommended that the President make a public request to the American people for private funds "to support liberty and democracy in the Americas." Mr. McFarlane wrote in the margin, "Not yet." Nevertheless, he indicated his agreement to

some of the accompanying elements of the proposal:

- "The Nicaraguan Freedom Fund, Inc., a 501(c)3 tax exempt corporation, must be established. . . . (This process is already under way)." Mr. McFarlane wrote next to this point, "Yes."
- "The name of one of several existing non-profit foundations we have established in the course of the last year will be changed to Nicaraguan Freedom Fund, Inc. Several reliable American citizens must be contacted to serve as its corporate leadership on its board of directors along with Cruz, Calero, and Robelo." (emphasis added). Mr. McFarlane wrote, "OK."

Next to the proposal that "current donors" be apprised of the plan and convinced to provide "an additional \$25-30M to the resistance for the purchase of arms and munitions," Mr. McFarlane wrote, "Doubt." LtCol North recommended that Mr. McFarlane consult Secretary Shultz on the proposals, but we have no information as to whether this was done.

During this period LtCol North was well-informed about the financial and military situation of the Contras. In a memorandum to Mr. McFarlane on April 11, 1985, LtCol North detailed FDN funding received since the expiration of U.S. assistance:

From July 1984 through February 1985, the FDN received \$1M per month for a total of \$8M. From February 22 to April 9, 1985, an additional \$16.5M has been received for a grand total of \$24.5M. Of this, \$17,145,594 has been expended for arms, munitions, combat operations, and support activities.

LtCol North recommended that effort be undertaken to "seek additional funds from the current donors (\$15-20M) which will allow the force to grow to 30-35,000." An attachment to this document itemized Contra arms purchases during this period. A sample entry read:

Airlift #2—March 1985.	
750,000 rounds 7.62 x 39	\$210,000
1,000 RPG-7 grenades	265,000
8,910 hand grenades	84,645
60—60mm mortars	96,000
1,472 kqs C-4	47,104
• • •	

On May 1, 1985, a nearly identical memorandum was prepared for JCS Chairman Vessey from LtCol North.

In his March 16 memorandum to Mr. McFarlane, LtCol North also reported that he had checked the legality of his proposals with private legal counsel: "Informal contacts several months ago with a lawyer sympathetic to our cause indicated that such a procedure would be within the limits of the law." He recommended that White House Counsel Fred Fielding "be asked to do conduct [sic] a very private evaluation of the President's role." Mr. McFarlane wrote, "not yet" in the margin.

The Board asked Mr. McFarlane whether he was aware of funds received by the FDN during this period. He provided the following written response:

In May or June of 1984, without any solicitation on my part, a foreign official offered to make a contribution from what he described as "personal funds" in the amount of one million dollars per month for support of the FDN. He asked my help in determining how to proceed. I asked LTC North to find out where the contribution should be sent. He subsequently obtained the necessary information from the FDN leadership, and I provided it to the donor. I was told it was an FDN bank account in Miami. In early 1985 the same individual advised me that he intended to continue support in that year at approximately double the former rate. I was separately informed by the Secretary of Defense and General Vessey that the total amount of the contribution during 1985 was 25 million dollars.

On an apparently unrelated letter from his secretary dated April 18, 1985, LtCol North sketched the attached diagram linking him with Robert Owen, an American citizen with close ties to the Contras; Andrew Messing, Executive Director of the non-profit organization the National Defense Council; and Linda Guell, Director of "Western Goals." The diagram showed an arrow from LtCol North to Mr. Messing, Mr. Messing to Ms. Guell, Ms. Guell to Owen. Under Owen's name North writes "weapons"; under Messing's, "funds." North's calendar shows that he met regularly with Mr. Messing

and Mr. Owen during 1984 and 1985. Sometimes these meetings took place with other figures often linked to the "benefactors" network—e.g. John Singlaub, John Hull and Adolfo Calero.

The Board examined the information available to it showing LtCol North's connection to Political Action Committees. The information, which indicated that he had contacts of an indeterminate nature, will be available to Congressional committees.

Congressional Reactions

On August 15, 1985, Congress authorized the expenditure of \$27 million in humanitarian assistance, to be administered by any agency but CIA and DOD. By its terms, the authorization would expire on March 31, 1986.

Congressional scrutiny of LtCol North's activities increased. To varying degrees throughout 1985, Congress had pressed the NSC staff for information about LtCol North's involvement in Contra fundraising and resupply activities. The following exchanges took place.

In a reply to an August 20, 1985 letter from Lee Hamilton, Chairman of the House Permanent Select Committee on Intelligence, Mr. McFarlane wrote:

I can state with deep personal conviction that at no time did I or any member of the National Security Council staff violate the letter or spirit of the law.

He reiterated his comments in a letter to Congressman Michael Barnes on September 12, 1985:

I want to assure you that my actions, and those of my staff, have been in compliance with both the spirit and the letter of the law. . . . There have not been, nor will there be, any expenditures of NSC funds which would have the effect of supporting directly or indirectly military or paramilitary operations in Nicaragua by any nation, group, organization, movement or individual. . . .

In a subsequent letter, Congressman Hamilton inquired into the nature of the NSC staff's involvement with the fundraisers. On October 7, 1985, Mr. McFarlane replied to Congressman Hamilton:

There is no official or unofficial relationship with any member of the NSC staff regarding fund raising for the Nicaraguan democratic opposition.

In response to the question of whether Oliver North "at any time advise[d] individuals on how they might donate money to the rebels?"

Mr. McFarlane answered, "No."

On October 21, 1985 Mr. McFarlane received an inquiry from Congressman Richard Durbin. Congressman Durbin asked: "Are there any efforts currently underway in the Administration to facilitate the sending of private donations to the contras?"

McFarlane replied: "No."

Authorization for "Communications" and "Advice"

In December, 1985, Congress passed two measures. The first, contained in section 8050 of the Fiscal Year 1986 Defense Appropriation Act, reenacted the Boland prohibition.⁴ The second, set out in section 105(a) of the Fiscal Year 1986 Intelligence Authorization Act, authorized classified amounts for communications, communications equipment training and "advice" for the Contras.

The "communications" and "advice" provisions introduced substantial uncertainty as to whether any US officials—CIA, DOD or the NSC staff—could advise the Contras on the delivery or distribution of lethal supplies. First, the provisions were so ambiguous that even the drafters debated their meaning.⁵ Second, appli-

⁴ Section 8050 of P.L. 99-190 provided:

None of the funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended during fiscal year 1986 to provide funds, material, or other assistance to the Nicaraguan democratic resistance unless in accordance with the terms and conditions specified by section 105 of the Intelligence Authorization Act (Public Law 99-169) for fiscal year 1986.

⁵ On December 4, 1985, the date the provision passed, Lee Hamilton, Chairman of the House Permanent Select Committee on Intelligence, wrote to CIA Director Casey on the statute:

(I)ntelligence personnel are not to act as military advisors to the contras. This certainly includes advising them on logistical operations upon which military or paramilitary operations depend for their effectiveness.

David Durenberger, then Chairman of the Senate Select Committee on Intelligence, offered a different view, forwarding CIA

cable statutory provisions were contained in an annex classified top secret, and developed pursuant to a legislative history likewise classified. Whether such secrecy was warranted, it did not enhance common understanding of the statute.

Within the Executive Branch, interpretations differed. The CIA, in a "Question for the Record re 28 January Covert Action Update Briefing," concluded that it was not authorized to provide "specialized logistics training" needed by the Contras. The IOB, by memorandum of April 8, 1986, provided VADM Poindexter a classified legal analysis that concluded that under the "communications" and "advice" provision, any U.S. agency may lawfully provide basic military training to the Contras, "so long as such training does not amount to the participation in the planning or execution of military or paramilitary operations in Nicaragua."⁶

Direct Involvement in Resupply: Fall 1985–Summer 1986

By fall 1985, LtCol North was actively engaged in private efforts to resupply the Contras with lethal equipment.

On November 22, 1985, LtCol North wrote VADM Poindexter that complications in an arms shipment (via a third country) to Iran re-

Director Casey a copy of his letter to Congressman Hamilton of December 5

[A]dvice on logistics activities integral to the effectiveness of particular military and paramilitary operations is precluded if it would amount to participation in such activities, even if there is no physical participation. At the same time . . . the conferees did not mean to place the entire subject of logistics off limits. We certainly would, for example, want to encourage advice on logistics related to the effective distribution of humanitarian and communications assistance.

Congressman Hamilton countered by letter of December 9:

[T]he Act makes clear direct CIA logistical advice on the effective distribution of humanitarian assistance is not appropriate.

⁶ The IOB memorandum addressed the question, "Can the Central Intelligence Agency or any other agency of the U.S. Government legally provide generic military training to the Nicaraguan democratic resistance?"

It concluded

[T]he Intelligence Authorization Act for FY 1986 does authorize the obligation or expenditure of funds by the Central Intelligence Agency, the Department of Defense or other intelligence-related agencies of the U.S. Government to provide basic military training for the Nicaraguan democratic resistance so long as such training does not amount to the participation in the planning or execution of military or paramilitary operations in Nicaragua.

quired Mr. Second to divert a plane that he planned to use for a Nicaraguan arms shipment. LtCol North told VADM Poindexter that the plane:

was at [city deleted] to put up a load of ammo for UNO . . . Too bad, this was to be our first direct flight (of ammo) to the resistance field at [x] inside Nicaragua. The ammo was already palletized w/parachutes attached. Maybe we can do it on Weds or Thurs.

LtCol North said he would meet Mr. Calero that evening to advise him "that the ammo will be several days late in arriving."

One month later, in an internal NSC message to VADM Poindexter discussing the Iran operation, LtCol North wrote:

OpSec concerns are threefold: communications, deliveries enroute to Iran and replenishment of Israeli stocks. To solve the first problem an Ops Code is now in use by all parties. This code is similar to the one used to oversee deliveries to the Nicaraguan Resistance and has never been compromised. (emphasis added). [North PROF notes to Poindexter, Dec. 4, 1985].

In a memorandum dated February 18, 1986 to VADM Poindexter, LtCol North referred to Albert Hakim, a private U.S. citizen who was involved in the Iran operation. He stated that Hakim was "VP of one of the European companies set up to handle aid to resistance movements." Several days later, in a message to Mr. McFarlane LtCol North again mentioned Hakim with respect to both Iran and Central America. He wrote: "Because CIA would not provide a translator for the sessions, we used Albert Hakim, an AMCIT who runs the European operation for our Nicaraguan resistance support activity." [North PROF notes to McFarlane, Feb. 27, 1986]

From January to March, 1986, LtCol North received fifteen encryption devices from the National Security Agency for use in transmitting classified messages in support of his counterterrorist activities. These devices enabled LtCol North to establish a private communications network. He used them to communicate, outside of the purview of other government agencies, with members of the private Contra support effort. At least one device was sent to

Mr. Secord and another, through a private individual, to a CIA field officer posted in Central America.

We counted some thirty-six messages to LtCol North from members of this Contra resupply network—not including North's replies or additional documents not in our possession. Some of the messages to LtCol North from Mr. Secord, and others: (a) asked him to direct where and when to make Contra munitions drops; (b) informed him of arms requirements; and (c) apprised him of payments, balances, and deficits. At least nine lethal "drops" were coordinated through this channel from March to June 1986; two of these were delivered through [country deleted] ports.

Excerpts from the messages received by LtCol North on this channel follow:

(1) On March 24, 1986, Mr. Secord sent LtCol North a secure message in which he discussed plans for an upcoming "drop" to Contra troops along the Costa Rican border (the so-called southern front):

[X] should have held discussions with [Y] by now re. L-100 drop to Blackies troops. If you have lined up [Z] to go to [location deleted] on the L-100, suggest you call [Y] secure and ensure he does all possible get load released from [location deleted]—also emphasize we ought to drop something besides 7.62; e.g., grenades, medical supplies, etc.

LtCol North's handwritten notes on this document enumerate quantities of various ammunition types.

(2) On April 9, 1986, LtCol North received another secure message from Secord about preparations for a special shipment. North's notations on this message read: "Apr 9-1900. Confirmed arrival [city, country deleted] of L-100 w/load of [specified quantities of] ammo. . . . Confirming drop, Friday 11 April 0030."

(3) On April 12, 1986, LtCol North received a secure message from the CIA field officer confirming a successful drop to the UNO South Force and outlining plans for the next two to three weeks:

[A]ir drop at sea for UNO/KISAN indigenous force area . . . lethal drop to UNO South . . . transfer of 80 UNO/FARN re-

cruits . . . carrying all remaining cached lethal materiel to join UNO South Force. *My objective is creation of 2,500 man force which can strike northwest and link-up with quiche to form solid southern force.* Likewise, envisage formidable opposition on Atlantic Coast resupplied at or by sea. Realize this may be overly ambitious planning but with your help, believe we can pull it off. (emphasis added).

(4) Three days later, the field officer sent another secure message to confirm a delivery to an airbase in a Central American country; he tells LtCol North the delivery is loaded with ammunition "for your friends." He asks LtCol North: "When and where do you want this stuff? We are prepared to deliver as soon as you call for it."

The field officer testified before the Board:

[T]his private benefactor operation . . . was, according to my understanding, controlled by Colonel North." He also informed the Board that all the shipments he was involved in were arms deliveries: "This was all lethal. Benefactors only sent lethal stuff."

The CIA field officer explained the legal regime under which he was operating:

I could not plan or engage in any military operation inside Nicaragua . . . But I could provide information that would allow the safe delivery of material to the people inside; I could pass information concerning potential deliveries to supply them, but not for any specific military operation. In other words, I could be the conduit for information; passing of information was legal or

¹ Even before the CIA field officer made his disclosures to the Board, his activities had triggered a legal debate within the CIA. In a memorandum dated December 5, 1986 to the Deputy Director for Operations, CIA Associate General Counsel Jameson stated that "contacts with the benefactors, although contrary to policy, were not contrary to law." Flight vectors, Sandanista anti-aircraft positions, and other similar information needed to carry out safe aerial deliveries fell within the terms of the "advice" authorized in December, 1985 by the Intelligence Authorization Act.

By memorandum to the CIA General Counsel of January 22, 1987, the CIA Inspector General's office questioned Jameson's interpretation. The Inspector General maintained, among other things, that the field officer's activities could be characterized as planning for a paramilitary operation, expressly barred in the Joint Explanatory Statement accompanying the Conference Committee Report to H.R. 2419.

permissible under the agreement reached between the House and the Senate with the Agency under the Boland Amendment . . .

Asked if LtCol North ever discussed the legality of actions with him, the field officer answered,

I asked him, are you sure this is all right—you know, that sort of thing. Are you sure this is okay? He said, yes, yes, all you're doing is passing information.

The field officer was a member of a group that met for three minutes with President Reagan in the Oval Office in 1986. [photo session] The group comprised the Minister of Public Security from a Central American country and his wife, Chief of Staff Regan, VADM Poindexter and LtCol North.

In spring 1986, LtCol North also was involved in other efforts to help facilitate Contra military purchases through third countries. On March 26, 1986, three months after Mr. McFarlane left Government service, LtCol North informed Mr. McFarlane of his efforts (again, with Secord's assistance) to obtain Blowpipe launchers and missiles for the Contras:

[W]e are trying to find a way to get 10 BLOWPIPE launchers and 20 missiles from [a South American Country] thru the Short Bros. Rep. . . . Short Bros., the mfr. of the BLOWPIPE, is willing to arrange the deal, conduct the training and even send U.K. 'tech. reps' fwd if we can close the arrangement. Dick Secord has already paid 10% down on the delivery and we have a [country deleted] EUC [end user certificates] which is acceptable to [that South American country].

On April 4, Mr. McFarlane replied to LtCol North, "I've been thinking about the blowpipe problem and the Contras. Could you ask the CIA to identify which countries the Brits have sold them to. I ought to have a contact in at least one of them."

In the same message, Mr. McFarlane also asked: "How are you coming on the loose ends for the material transfer? Anything I can do? If for any reason, you need some mortars or other artillery—which I doubt—please let me know."

When shown the aforementioned message, Mr. McFarlane submitted the following written response:

Since the area of mortars and artillery is one in which I have expertise, gained through 20 years of experience as an artillery officer, I was prepared to assist LTC North by furnishing information and advice. I did not offer to assist LTC North in negotiating, purchasing, or obtaining mortars or other artillery for the Contras, nor did I ever take any such action.

On May 2, LtCol North informed VADM Poindexter that he believed the Contras were readying to launch a major offensive to capture a "principal coastal population center" in Nicaragua and proclaim independence. North warned that if this occurred "the rest of the world will wait to see what we do—recognize the new territory—and UNO as the govt—or evacuate them as in a Bay of Pigs." He suggested that the U.S. should be prepared to come to the Contras' aid.

Assistant Secretary of State for Inter-American Affairs Elliot Abrams testified that he could recall "a time when Ollie was pushing for the Contras to grab a piece of Nicaraguan territory and proclaim independence." Mr. Abrams said that he might have indicated to LtCol North his support for the plan, but never took the idea seriously: "It was totally implausible and not do-able."

In a May 8 message, LtCol North also informed VADM Poindexter of an Israeli offer to assist in Central America:

DefMin Rabin sent his MilAide to see me with the following offer: The Israelis wd be willing to put 20-50 Spanish speaking military trainers/advisors into the DRF if we want this to happen. They wd do this in concert with an Israeli plan to sell the KFIR fighter to Honduras as a replacement for the 28 yr old [Super Mystere] which the Hondurans want to replace. . . . Rabin want to meet w/me privately in N.Y. to discuss details. My impression is that they are prepared to move quickly on this if we so desire. Abrams likes the idea.

Mr. Abrams told the Board that he did not recall ever discussing any offer of Israeli assistance to the Contras with LtCol North. Former

U.S. Ambassador to Costa Rica Louis Tamba and a senior CIA official stationed in Central America said that to their knowledge Israel never shipped any arms to the Contras.

In a June, 1986 note to VADM Poindexter regarding the third country issue, LtCol North discussed previous solicitations from [two countries deleted]. He told VADM Poindexter:

I have no idea what Shultz knows or doesn't know, but he could prove to be very unhappy if he learns of the [two countries deleted] aid that has been given in the past from someone other than you. Did RCM (McFarlane) ever tell Shultz?

Later that day VADM Poindexter replied: "To my knowledge Secretary Shultz knows nothing about the prior financing. I think it should stay that way."

Concern for Disclosure

By May, 1986 VADM Poindexter became concerned that LtCol North's operational activities were becoming too apparent. He informed LtCol North that he had been notified by an NSC staffer that LtCol North had offered a Danish-registered ship under his control to the CIA—apparently for use in an unrelated operation. On May 15, 1986, in an internal NSC message to LtCol North, entitled "Be Cautious," VADM Poindexter warned:

I am afraid you are letting your operational role become too public. From now on, I don't want you to talk to anybody else, including Casey, except me about any of your operational roles. In fact, you need to quietly generate a cover story that I have insisted that you stop. (emphasis added).

In response to a May 16 note, LtCol North sent VADM Poindexter a message on the status of the Contra project:

You should be aware that the resistance support organization now has more than \$6M available for immediated [sic] disbursement. This reduces the need to go to third countries for help. It does not, however, reduce the urgent need to get CIA back into the management of this program. . . .

In the same message, LtCol North expressed concern about potential exposure of his activi-

ties and the consequences for the President. He wrote:

The more money there is (and we will have a considerable amount in a few more days) the more visible the program becomes (airplanes, pilots, weapons, deliveries, etc.) and the more inquisitive will become people like Kerry, Barnes, Harkins, et al. While I care not a whit what they say about me, it could well become a political embarrassment for the President and you. Much of this risk can be avoided simply by covering it with an authorized CIA program.

On June 10, Mr. McFarlane expressed much the same concern:

It seems increasingly clear that the Democratic left is coming after him [LtCol North] with a vengeance in the election year and that eventually they will get him—too many people are talking to reporters from the donor community and within the administration.

On June 24, 1986, H.Res. 485 was introduced, directing the President to provide to the House of Representatives "certain information concerning activities of Lieutenant Colonel North or any other member of the staff of the National Security Council in support of the resistance."

LtCol North was interviewed by the members of the House Permanent Select Committee on Intelligence on August 6, 1986. An internal NSC staff account reported that LtCol North made the following points:

Contact with FDN and UNO aimed to foster viable, democratic, political strategy for Nicaraguan opposition, gave no military advice, knew of no specific military operations.

Singlaub—gave no advice, has had no contact in 20 months; Owen—never worked from OLN office, OLN had casual contact, never provided Owen guidance.

Shortly thereafter VADM Poindexter forwarded the above to LtCol North with the message: "Well Done."

Summer 1986: Project Democracy^{*}

In summer 1986, LtCol North informed Rodney McDaniel, NSC Executive Secretary, of his role in a "new contra management structure." LtCol North told Mr. McDaniel that Vincent Cannestraro, NSC Director of Intelligence Programs, was "not witting of Project Democracy," a term LtCol North used to describe a network of secret bank accounts and individuals deeply involved in Contra resupply activities—including the building of a secret airstrip for use by the Contras in northern Costa Rica.

Mr. McFarlane informed the Board that his only recollection of terms similar to "Project Democracy" occurred during a May trip to Tehran:

Upon arrival in Tel Aviv, we were met by Major General Richard Secord (USAF Ret). I was told by LTC North that the aircraft being used on the trip had been chartered (I believed by the CIA) from a European concern managed by General Secord. I had known that General Secord had had a prior association with the CIA while on active duty, and this did not surprise me. LTC North also mentioned in passing that General Secord was also associated with the democracy project. . . . At the time, LtCol North's reference to "the democracy project" did not register with me and I did not pursue it with him thereafter.

LtCol North referred to "Project Democracy" or "PD" in a July 24, 1986, internal message from VADM Poindexter. In his note, LtCol North proposed that the CIA buy out "PD" assets when the Congressional ban on CIA activities was officially lifted in October. LtCol North listed "PD" assets totalling \$4.5 million dollars. He wrote:

^{*} We have no information linking the activities described herein as "Project Democracy" with the National Endowment for Democracy. The latter was created in 1983 by Congress and is funded by legislation. Its purpose is to strengthen democratic institutions around the world through private, non-governmental efforts. NED grew out of an earlier Administration public initiative to promote democracy around the world, which came to be known as "Project Democracy." It appears that LtCol North later adopted the term to refer to his own covert operations network. We believe this is the only link between the NED and LtCol North's activities.

We are rapidly approaching the point where the PROJECT DEMOCRACY assets in CentAm need to be turned over to CIA. . . . The total value of the assets (six aircraft, warehouses, supplies, maintenance [sic] facilities, ships, boats, leased houses, vehicles, ordnance, munitions, communications equipment, and a 6520' runway on property owned by a PRODEM proprietary) is over \$4.5M. . . . All of the assets—and the personnel—are owned/paid by overseas companies with no U.S. connection. . . . It would be ludicrous for this to simply disappear just because CIA does not want to be "tainted" with picking up the assets and then have them spend \$8-\$10M to replace it—weeks or months later. . . . PRODEM currently has the only assets available to support the DRF and the CIA's most ambitious estimate is 30 days after a bill is signed before their own assets will be available.

VADM Poindexter replied to LtCol North's suggestion: "I did tell Gates that I thought the private effort should be phased out. Please talk to Casey about this. I agree with you."

In a note to VADM Poindexter several months later, LtCol North once again proposed the creation of a private, non-profit organization to manage the Contra support effort. According to LtCol North, this organization would be involved in tasks the CIA could not perform, including raising money, paying for public relations, organizing UNO activities in the U.S., and providing medical treatment for wounded contras. LtCol North tells VADM Poindexter that these activities were "now all being done by Project Democracy," which he said was supposed to be out of the Central America business on or about October 1, when U.S. funds were due to be appropriated.

The construction of a secret airstrip in northern Costa Rica in summer 1985 was apparently one of the operations undertaken by "Project Democracy." In a September 30, 1986, memorandum to VADM Poindexter, LtCol North described Project Democracy's role:

The airfield at Santa Elena has been a vital element in supporting the resistance. Built by a Project Democracy proprietary, (Udall Corporation S.A.—a Panamanian Compa-

ny), the field was initially used for direct resupply efforts [to the Contras] (July 1985–February 1986)...the field has served as the primary abort base for aircraft damaged by Sandinista anti-aircraft fire.⁹

According to LtCol North, press reports on the existence of this airfield in September, 1986 "caused Project Democracy to permanently close Udall Corporation, and dispose of its capital assets." (A CIA field officer based in Costa Rica told the Board that Udall Corp. was closely associated with Mr. Secord.)

Two attached diagrams found in LtCol North's safe link Udall Corporation with Lake Resources, the account that emerged often in the context of the Iranian operation. Lake Resources may have been used to transfer funds—probably private—for Mr. Secord's use in Central American operations. In a note on his appointment card for April 3, 1986, LtCol North scribbled himself a reminder: "call Copp [Secord alias], 650k to LAKE." In a secure message to LtCol North on April 16, Mr. Secord reported: "650k received today as reported by the banker."

The CIA field officer told the Board that construction of the Santa Elena airfield was a pet project of U.S. Ambassador Louis Tambs. According to the CIA officer:

When Ambassador Tambs arrived in Costa Rica (July 1985), he called together the Deputy Chief of Mission, the Defense Attache and myself, and said that he had really only one mission in Costa Rica, and that was to form a Nicaraguan resistance southern front.

[The Santa Elena airstrip] was a matter which I had been monitoring, kind of as an aside, but it was essentially the Ambassador's initiative.

When interviewed by the Board's staff on this issue, the Ambassador said that prior to reporting to Costa Rica, he received instructions from the members of the Restricted Interagency Group ("RIG") to aid the Nicaraguan Resistance Forces in setting up a "Southern Front." The members of the RIG were Mr. Abrams,

LtCol North and the Director of the CIA CATF. Ambassador Tambs recounted the instructions he received in July 1985:

Before I went (to Costa Rica) Ollie said when you get down there you should open the southern front. In the subsequent meetings and conversations (of the RIG) that was confirmed by Abrams and (name deleted—CIA official). That was sort of our mission.

When asked what this mission meant to him, Ambassador Tambs responded that "the idea was that we would encourage them to fight." He added that he never had any contacts with Contra military leaders and that he only spoke with the "political types."

Ambassador Tambs said that he learned of the airstrip project from a CIA field officer. The officer informed him that private benefactors were behind the efforts to build the airstrip and Mr. Secord coordinated the flights.

Ambassador Tambs recalled that LtCol North asked him shortly after he arrived in Costa Rica whether the Costa Rican government would "go along" with the airstrip. He said that the Costa Rican government was interested in the airstrip primarily as a resupply station in the event of a Nicaraguan invasion of Costa Rica. As far as he knew, the airstrip was used mainly for refueling before Contra resupply planes returned to "wherever they were coming from."

According to a CIA field officer, Mr. Abrams and LtCol North were also well informed of this project. On a visit to Costa Rica shortly after he was confirmed to his new position Mr. Abrams raised the subject with the CIA officer:

During the course of this conversation . . . Assistant Secretary Abrams asked me about Point West [another name for the airstrip] . . . I became very upset with Assistant Secretary Abrams for bringing out (sic) the question . . . I thought it should be closely held . . . I said what is this with the airstrip? Where is this known? He said well, this is known in Washington by—Colonel North told me about it and I assume that the [Director of the CIA CATF] knows about it.

Mr. Abrams testified that the Santa Elena airstrip was never used: "My understanding was

nobody ever used the airstrip . . . that it had never quite gotten into operation."

When asked about LtCol North's activities and the existence of the Santa Elena airfield Mr. Abrams had no recollection of when he first learned of the airstrip or from whom. Mr. Abrams said that he believed the airstrip had been built by private "benefactors," but that he had no information on who these people were. He added:

We knew that there were outside benefactors. We knew that the Contras were getting lots of, at least ammunition, getting military equipment—if not arms, then at least military equipment. And I think it is fair to say that everybody involved in the RIG knew that Ollie was somehow connected with this but did not know why . . . I think most of us were careful not to ask lots of questions, other than once in a while, to say is this all okay, is this stuff legal—once in a while. I had some reassurance of that when he said it had been run by the White House Counsel.

In August, 1986, Costa Rican authorities took measures to stop further use of the airstrip. U.S. authorities sought to avoid public disclosure of past activities there. Prior to the public disclosure of the Santa Elena airstrip, LtCol North informed VADM Poindexter that he had been tipped off by "our Project Democracy representative in Costa Rica" that the Costa Rican Government was planning to call a press conference to announce "that an illegal support operation for the Contras had been taking place from an airfield in Costa Rica for over a year."

On September 9, LtCol North informed VADM Poindexter that he had completed a conference call with U.S. Ambassador to Costa Rica Louis Tambs, Mr. Abrams and the Director of the CIA CATF who all agreed that LtCol North would call Costa Rican President Arias to insist the press conference be stopped. LtCol North said that they agreed he would take a tough line with President Arias, threatening to withhold U.S. assistance.

LtCol North wrote that Ambassador Tambs and Mr. Abrams reinforced his message:

Tambs then called Arias from his leave location in W. Va. and confirmed what I had said and suggested that Arias talk to Elliot

for further confirmation.—Arias then got the same word from Elliot. . . . At 0900 Arias called back to advise that there would be no press conference.

Reporting after the fact, LtCol North asked VADM Poindexter to understand the grounds for taking steps that LtCol North admitted may have been extraordinary:

I recognize that I was well beyond my charter in dealing w/a head of state this way and in making threats/offers that may be impossible to deliver, but under the circumstances—and w/Elliott's concurrence—it seemed like the only thing we could do.

Later that day, VADM Poindexter replied: "You did the right thing, but let's try to keep it quiet."

Mr. Abrams confirmed that LtCol North initiated a conference call on the anticipated disclosure, involving at least Ambassador Tambs, Mr. Abrams and LtCol North. He said they agreed that Ambassador Tambs would call President Arias, but that they did not agree to threaten to withhold aid money. He said he would not have approved a similar call by LtCol North, since Arias was a head of State. Moreover, he doubted that LtCol North actually called President Arias, since the then newly-elected Arias had little occasion to meet or learn of LtCol North. Ambassador Tambs told the Board that he also doubted North ever placed such a call. The Arias government subsequently announced publicly the discovery and closure of the airstrip.

Another aspect of LtCol North's activities in 1986 involved control of a Danish-registered ship which appears to have been used to carry out a series of weapons deliveries to the Contras through two central American countries. In April, Mr. Secord informed LtCol North of the status of efforts to purchase the ship:

Abe [Hakim] still in Copenhagen with our lawyer finalizing purchase of ship. Deal has been made after three days of negotiations. The Danish captain is up and eager for the mission—he now works for us. We are asking . . . for firm fixed price contract of \$1.2M for six months. . . . Our rough guess is that our monthly operating costs will be 50K.

⁹ President Arias learned of the existence of the airport shortly after he came to office in May 1986. He felt the airstrip compromised Costa Rican neutrality and informed Ambassador Tambs that it was not to be used.

In September, 1986, Israeli Defense Minister Rabin, LtCol North, Amiram Nir, and a General Hagai Regev met in Washington and discussed plans for the Israelis to provide Soviet Bloc weapons and ammunition to the United States. LtCol North's communication said the Israelis made the offer. Defense Minister Rabin recently told the State Department that LtCol North made the solicitation and that Israel would give the weapons to the U.S., but not directly to the Contras. According to an internal message from LtCol North to VADM Poindexter, Defense Minister Rabin suggested that LtCol North send a ship in his control to Israel to pick up the weapons. LtCol North asked VADM Poindexter for advice:

Don't quite no [sic] what to do. Did not want to turn down offer. . . can go ahead and move the whole shipment to [countries deleted]—but still won't have any money to pay off rapidly growing debts. Hate to turn away offers like this—it will really help in the long run. Any advice?

VADM Poindexter responded later that day, "I think you should go ahead and make it happen. It can be a private deal between Dick and Rabin that we bless."

On September 15, LtCol North reported that:

Orders were passed to the ship this morning to proceed to Haifa to pick up the arms. Loading will be accomplished during one night and the ship will be back at sea before dawn. Loading will be accomplished by Israeli military personnel.

VADM Poindexter's response an hour later emphasized the need for absolute secrecy:

Absolutely nobody else should know about this. Defense Minister Rabin should not say anything to anybody else except you or me. In fact I hope Nir doesn't even know about it.

Defense Minister Rabin reported to the State Department that the ship left Israel, but was recalled when it appeared the Iran arms story would become public.

Who Knew What?

The Director of the CIA CATF recalls that by 1985, the CIA knew the Contras were receiving significant arms deliveries, some running in value in excess of \$6 million, and were spending at a rate in excess of \$1 million a month. CIA officials sought to locate the source of the funding. The Director of the CIA CATF told us:

[W]hat we found out was really only one or two people. It was tremendously compartmented inside the resistance organization and no one knew the ultimate source of the money, and very, very few people even know how much there was coming in and out.

Mr. Abrams recalls:

[W]e did not engage in nor did we really know anything about this private network. We knew that it existed. We knew it in part because somebody was giving the Contras guns. . . . they were instructed to kind of stay away, as the Agency people were, on the grounds that if you got too close, you would end up being accused of facilitating and so forth.

Richard Armitage, Assistant Secretary of Defense, recalls, "[S]everal of us in those groups said, Ollie. . . . you're not involved in all this, are you? And he said . . . I have broken no laws."

LtCol North and VADM Poindexter do not seem to have sought the President's approval. In his response to a May 16, 1986, message from Poindexter on the status of the Contra project, LtCol North went on to discuss White House knowledge of his activities. LtCol North speculated that the President must know, indirectly, of his Contra activities.

I have no idea what Don Regan does or does not know re my private U.S. operation but the President obviously knows why he has been meeting with several select people to thank them for their 'support for Democracy' in CentAm.

Later that day VADM Poindexter replied to LtCol North: "Don Regan knows very little of your operation and that is just as well."

NATIONAL SECURITY COUNCIL

April 18, 1985

Phil and Randy:

Just wanted to drop a note for "good luck" before the vote. We are, as always, grateful for the work you do to communicate the President's policy in Central America. We are all working tirelessly to educate the American people on why it is so important to help the Nicaraguan freedom fighters.

There are many people who believe in the cause of freedom and democracy, but far fewer who are willing to act to support it. Your dedication and ambition are much appreciated.

I hope the enclosed can be of some use to you. Let me know if we can help in any way.

Thanks--God bless you!

Dear Mr. Nohry:

Fawn HALL

Col. North 395-3345
 → Bob Owen
 → Linda A. Guel (Guel)
 → Randy Messing
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 → Shevon
 → Trips to Germany
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 → Last year
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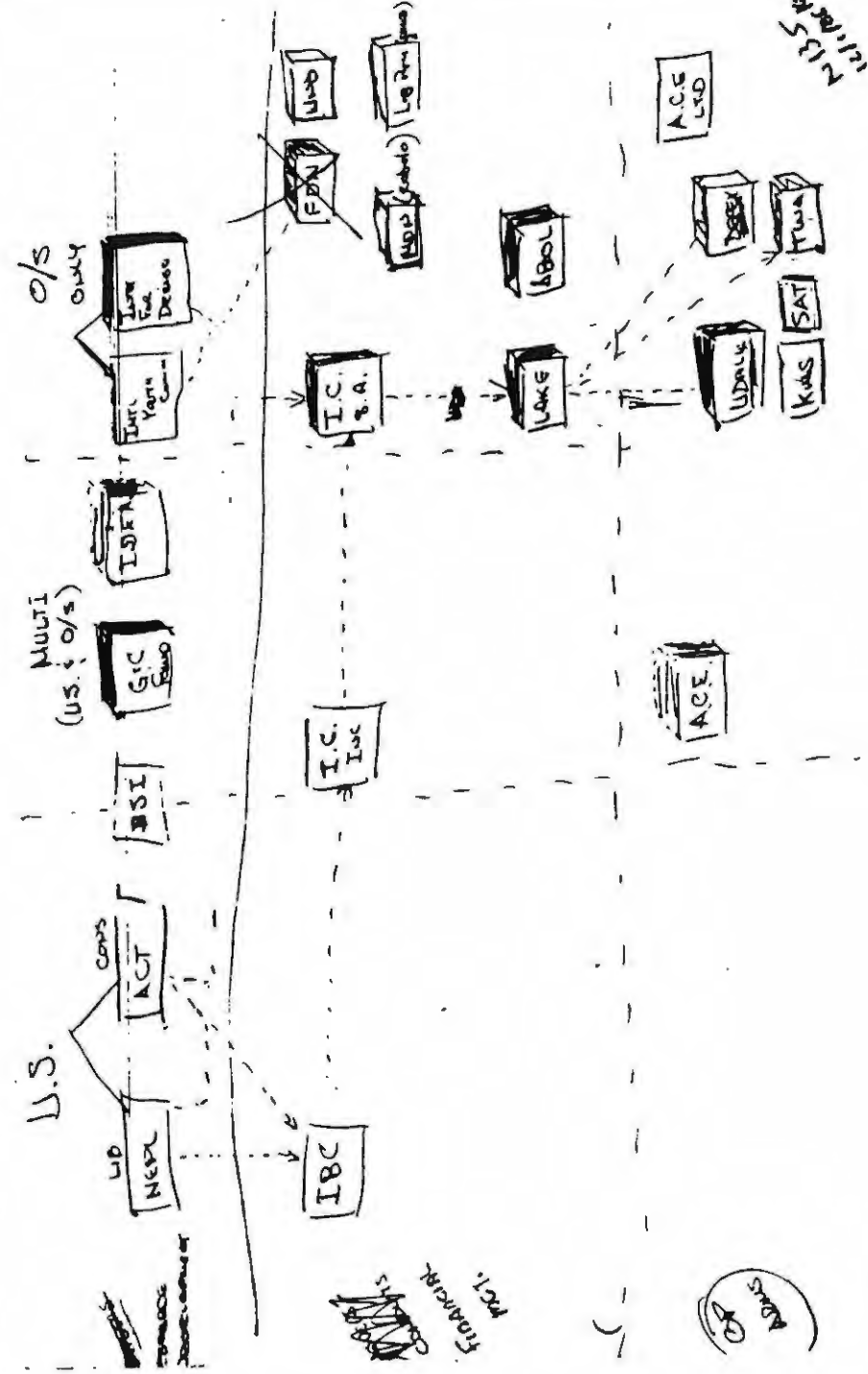
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Am. Chem. Soc. 1958, 80, 1500-1501

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Aftermath— The Efforts To Tell the Story

(As noted in Part IV, Section D, our ability to comment on the events following the public disclosure remains limited. The fragmentary nature of the evidence here is in contrast to the more complete treatment, for example, in the case of the Iran initiative handled in Appendix B.)

The NSC Staff Tried To Build the Story

Within several days of the leak in Beirut, VADM Poindexter and LtCol North along with Mr. McFarlane, LtCol Robert Earl and Commander Craig Coy, both of whom worked for LtCol North, and others began to prepare a chronology of the initiative. In a 15-day period from November 5 to November 20, they produced at least a dozen versions of the chronology. The earliest versions were merely lists of events; the later versions, called "Maximum Versions" mixed events with rationale. The last edit, on November 20, also changed the title from "Maximum Version" to "Historical Chronology." The effort, hamstrung by poor record-keeping, produced a series of documents which are often conflicting and occasionally far from what we believe transpired. In short, the NSC chronologies provide more questions than answers.

At best, these chronologies suggest a sense of confusion about both the facts and what to say about them. At worst, they suggest an attempt to limit the information that got to the President, the Cabinet, and the American public. The following represents how the description of some of the events contained in the chronologies changed over time.

How the idea began.—The chronologies variously trace the beginning of the operation to 1984, 1985, and the spring of 1985. They state that an American citizen sometimes referred to by name, Michael Ledeen, was either approached by or learned from the Israelis that an Iranian expatriate sometimes referred to by name, Mr. Ghorbanifar, could either be useful or wanted to establish a contact with the U.S. government for Iran. In the November 17 maximum version, we learn that the Israelis "analyzed this intermediary's background exhaustively in order to validate his legitimacy" and that the U.S. "established an indirect contact with the Iranian intermediary, through the private U.S. citizen and a senior Israeli official." The version continued that this contact was established through the NSC staff with the "full knowledge of appropriate Cabinet officers." This section does not exist in the November 20 historical chronology.

August/September, 1985.—The chronologies are more confused on this section. The November 13 maximum version stated, "in September of 1985, the Israelis advised that they were close to achieving a breakthrough on the hostage situation and would proceed unless we objected. * * * The U.S. judged that the Israelis would persist in these secret deliveries, despite our objections, because they believed it to be in their strategic interest. * * * Shortly after Reverend Weir's release, the U.S. acquiesced in an Israeli delivery of military supplies (508 TOWs) to Tehran. U.S. acquiescence in this Israeli operation was based on a decision at the highest level to exploit the existing Israeli channels with Tehran in an effort to establish

an American strategic dialogue with the Iranian government."

By November 17, the story was as follows: "On August 22, 1985, the U.S., through the U.S. citizen intermediary, acquiesced in an Israeli delivery of military supplies (508 TOWs) to Tehran. We were subsequently informed that the delivery had taken place at the end of August, though we were not aware of the shipment at the time it was made." Again, the U.S. decision was made at "the highest level."

On November 18, the chronology read, "On August 22, 1985, a senior Israeli official (David Kimche) visited Washington and met with the National Security Advisor. The Israeli asked us to acquiesce in a single Israeli delivery of defensive military materiel to Tehran. * * * Mr. McFarlane stated that the U.S. could in no way be construed as an 'arms for hostages' deal [sic] and that there could be no guarantee that whatever items of U.S. origin Israel sent, could be replaced. We were subsequently informed that the Israelis had delivered 508 TOWs at the end of August."

After a PROF note from Mr. McFarlane to VADM Poindexter on November 18, this section changed drastically. At Mr. McFarlane's suggestion, the arms and hostages were handled as distinct and unrelated examples of bona fides for a broader relationship. The chronology now read that Mr. McFarlane "elevated this proposition to the President within days at a meeting that included the Secretaries of State and Defense and the Director of Central Intelligence." The President, according to this account, could not authorize any transfers of material. Within days, the Israeli offered the option to have Israel ship "modest quantities of material" and would the United States resupply. Mr. McFarlane reportedly elevated the issue again and, once again, the President said that he could not do so. "We subsequently learned that in late August the Israelis had transferred 508 TOW missiles to Iran." (See the November 18, 1986 PROF note from Mr. McFarlane to Mr. Poindexter).

The November 20 historical chronology added that "(t)he Israelis told us that they undertook the action, despite our objections, because they believed it to be in their strategic interests. * * * After discussing this matter with the President, it was decided not to expose this Israeli delivery because we wanted to retain the

option of exploiting the existing Israeli channel with Tehran in our own effort to establish a strategic dialogue with the Iranian government."

November, 1985 HAWK shipment.—The early versions of the November shipment offered little commentary; by November 20 the following story emerged: "In mid-November, the Israelis, through a senior officer in the Foreign Minister's office (Kimche), indicated that the Government of Israel was convinced that they were nearing a breakthrough with Iran on a high-level dialogue. The Israeli contacted a U.S. official (North) and asked for the name of a European-based airline which could discreetly transit to Iran for the purpose of delivering passengers and cargo. He specifically noted that neither a U.S. carrier nor an Israeli affiliated carrier could be used. We were assured, at the time, that the Israelis were going to 'try oil drilling parts as an incentive,' since we had expressed so much displeasure over the earlier TOW shipment." Apparently Kimche was given the name of a proprietary and Israel "subsequently chartered through normal commercial contract for a flight from Tel Aviv to Tabriz, Iran on November 25, 1985."

"In January, we learned that the Israelis, responding to urgent entreaties from the Iranians, had used the proprietary aircraft to transport 18 HAWK missiles to Iran in an effort to improve the static air defenses around Tehran. Our belated awareness that the Israelis had delivered HAWK missiles raised serious U.S. concerns that these deliveries were jeopardizing our objectives of meeting with high-level Iranian officials. As a consequence of U.S. initiative and by mutual agreement of all three parties, these missiles were returned to Israel in February 1986."

This version also states that, in a conversation in January, 1986 with Mr. Nir, VADM Poindexter "noted our stringent objections to the HAWK missile shipments in November and noted that the U.S. would have to act to have them returned."

The January Finding.—The date is variously listed as the 6th, 9th, and 17th.

February, 1986 shipment.—Outside a brief mention on an 11/7 chronology, the early versions contained nothing of the shipment of 1000 TOWs in February. The November 17

maximum version described a "mechanism for transfer of the weapons" with the Iranian intermediary depositing funds through an Israeli account into a "sterile U.S.-controlled account." Using these funds, "the CIA would covertly obtain materiel authorized for transfer from U.S. military stocks and transport this to Israel for onward movement to Iran."

Through this mechanism, "funds were deposited in the CIA account in Geneva on February 11, 1986 and on February 14 1,000 TOWs were transported to Israel for pre-positioning. The TOWs were off-loaded and placed in a covert Israeli facility."

"On February 19-21, U.S. and Iranian officials * * * met again in Germany to discuss problems in arranging a meeting among high-level officials. At this meeting, the U.S. side agreed to provide 1,000 TOWs to Iran as a clear signal of U.S. sincerity. This delivery was commenced on the morning of February 20 and completed in two transits to Tehran on February 21."

May through October, 1986.—The presentation of the facts of the May trip to Tehran and the use of a second channel is comparatively accurate, though far from complete.

There is little pattern to the inaccuracies of these documents, though it is clear that the authors tried to portray the initiative as an orderly operation and in the best light.

Mr. McFarlane and the NSC Chronologies

The Board reviewed the different histories offered by Mr. McFarlane in three PROF notes on the 7th, 18th, and 21st of November and in his several testimonies on the Hill and before the Board. His various positions on the question of Presidential authorization in August and September, 1985 have made this question very difficult to resolve. This issue was discussed extensively in Mr. McFarlane's final interview with the Board. What follows are excerpts from that discussion and portions of the relevant PROF notes from Mr. McFarlane.

Below are excerpts from Mr. McFarlane's testimony before the Board February 21, 1987:

Mr. McFarlane: Well, Mr. Chairman, I appreciate the opportunity to add further.

I will first deal with the November '86 narrative, if you will. On the day that the story was leaked or published in the Beirut magazine Admiral Poindexter called and stated that because of the continuing hope of being able to release or secure the release of other hostages that the White House was going to take a position of essentially not commenting on the story, that he hoped that I would honor that, too, and I assured him that I would.

He stated as well that he was going to begin, at the President's direction, putting together a narrative of events of how the entire policy initiative had been conducted, conceived, approved and so forth. And he stated then in the call that he recalled the meeting in July or August of 1985 in which the President had discussed with his Cabinet officers the pros and cons, the President then reaching a decision later on.

But he said I cannot document that and can you help out. And I said that I would, and I added in the same call that, John, you have very little time on this and I recommend that the President not have a long period of forelorned hopes that I think are unlikely to be fulfilled about further hostages, just based upon past performance. (pp. 2-3)

* * *

It seemed to me, first of all, just thinking about why would I write the memo, well, I was inspired to write the memo because I was being told that a version was coming from the White House to the effect that I had taken this on basically and it wasn't until after the fact that the President had approved this.

General Scowcroft: How did you know that? You didn't have a draft at that point?

Mr. McFarlane: No. I had nothing from the White House on this, but I was receiving word from people indirectly, journalists, that were saying this is what we are being briefed by the White House and I just want you to learn about it.

Well, I had to say that I could fully accept that as a policy advisor to the President

and out of loyalty to him I wanted to take full responsibility for all of my own actions, to assure that the President was placed in the best position possible. But one must not avoid the truth. Consequently, I was upset to hear that possibly—this was through hearsay — that possibly the White House might be taking a position which was fundamentally untrue.

Chairman Tower: When you say "the White House", Bud, can you be more specific?

General Scowcroft: Who is in charge of putting all this stuff together?

Mr. McFarlane: Well, the briefings that were being given to magazines referred to here were originally by Mr. Regan, and five days or four days prior, when Admiral Poindexter had called me, he said that he had been tasked, through Mr. Regan, to prepare an account, but already an account was being put out, or so I was told. (pp. 4-5)

• • •

At any rate, my point is in saying that there would have been no reason to write a memo on my part, the point of writing a memo at all is to alter what I was hearing was the White House version, and that was that the President had not approved the Iranian arms sale or provided authority for it by us or anyone else until after it took place. And that's false.

So I sat down and I wrote down the memo. But again having returned from out of town and still not looking at records or calendars, because I was relying upon recollections, I put together a series of events from primarily July spread out until a decision by the President in early September, which in truth occurred in a shorter span of time, a span of time from about early July until the first ten days of August.

Now as one reads the memo, if you refer to it, that series of decisions, first of all to say yes to a political dialogue, secondly, when confronted by an insistence on selling TOWs by us to say no, and then, thirdly, when the Israelis decide that they will take it on their own to sell arms if we

agree, and that they can buy replacements from us instead of spreading out in time from the early July until early September, those events take place in about a month's period of time. (pp. 5-6).

• • •

Below is the portion of the memo to which Mr. McFarlane just referred; he sent it as a PROF note to VADM Poindexter dated November 7, 1986, time log 20:30:32:

It might be useful to review just what the truth is.

You will recall that when the Israelis first approached us in June '85, I presented the idea of engaging in a dialogue with the Iranians—no mention at all of any arms exchange at all—and he approved it.

We then heard nothing until August when the Israelis introduced the requirement for TOWs. I told Kimche no.

They went ahead on their own but then asked that we replace the TOWs and then checking with the President, we agreed. Weir was released as a consequence of their action.

My next involvement was to go to London where I presented our willingness to open a political dialogue but that we could not participate in an arms transfer for hostages. Gorbaniyar ranted and raved but we did not change our position.

I returned to the States and debriefed the President (with Cap present, and Regan) that we had taken the position of being open to a political dialogue once our hostages were released but not before and ruled out an arms transfer. I also said that Gorbaniyar was not to be trusted and recommended that we no longer carry on business with him. You were present John. I then left the government.

Some dialogue must have continued with Gorbaniyar between New Year's and April, notwithstanding my recommendation. In April you contacted me to go to Iran to open the political dialogue. I did so. Once there, faced with bad faith on their part (not having released our people and without meetings with the decision makers) I

aborted the mission. Ollie can verify all this.

Upon my return, I debriefed the trip and once more recommended against carrying on the arms connection but waiting them out on the political dialogue.

Returning to Mr. McFarlane's testimony:

On November 7 I could not have documented it for you, and it wasn't until about three weeks later—actually until I got my record of schedule out of storage. Another point I would make, however, about this cross-note that I'm talking about is that there's no question here in that cross-note about prior approval prior to Mr. Weir's release.

I said it then. I've said it since, and it is true today: The decision process had three milestones on it—early July, political without any arms of any kind; mid-July, the Israelis saying political dialogue, but if the United States will sell arms and we responded no; and then early August, in which the Israelis said, well, if we do, and my meeting with Mr. Kimche resulted in our discussion on the pros and cons and so forth, and my going to the President and once more his discussion of it with his advisors, and the decision, yes, that we will replace the sale replacements for any Israeli arms that they may ship. (pp. 6-7)

• • •

I have felt since last November—and that is where we started—that it has been, I think, misleading, at least, and wrong, at worst, for me to overly gild the President's motives for his decision in this, to portray them as mostly directed toward political outcomes.

The President acknowledged those and recognized that those were clearly important. However, by the tenor of his questioning, which was oriented toward the hostages and timing of the hostages, from his recurrent virtually daily questioning just about welfare and do we have anything new and so forth, it is very clear that his concerns here were for the return of the hostages. (p. 11)

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Mr. McFarlane: I think it is accurate and useful to point out that the motives behind Admiral Poindexter's actions right after the release of the story on November 3 were inspired by concern for hoped-for still getting out more hostages and that was, I think, rather too ambitiously pursued even by the President, who went to the point of denying that anything at all had occurred. And I take it that attitude persisted even into the third week of November, although becoming ever more frail.

It seems to me that by the time the President had made his speech on this, which had not had the intended effect of explaining satisfactorily what had happened that his wish to say something more and at the same time minimize his own role grew to the point that on November 18, by the time that group convened, a principal objective, probably the primary objective, was to describe a sequence of events that would distance the President from the initial approval of the Iran arms sale, distance him from it to blur his association with it.

The November 18 chronology, which I indeed helped prepare, was not a full and completely accurate account of those events, but rather this effort to blur and leave ambiguous the President's role. The language was intended, I would say, to convey the impression that the United States had not expressly authorized the sale of arms either directly from the United States or by the Israelis on behalf of the United States, but, second, to preserve the ability to say that if Israel were to make such sales that they could expect to purchase replacement items from the United States. (pp. 42-43)

• • •

Mr. McFarlane prepared a portion of the chronology on November 18. He sent his edit to VADM Poindexter at 23:06:20 on the 18th. Below is a complete text of that PROF note:

I have just finished reading the chronology. Much of it is coming to me for the first time—primarily the material on what went on between Jan-May '86—and I am not

really able to comment on how to deal with that.

It seems to me that I ought to limit my input to what I recall from my involvement before Jan '86 and then from the May meeting. In that context, I would recommend deleting all material starting on the 11/17 (2000) version at page three, penultimate para (i.e. In 1985, a private * * *) down through the third para on the following page (ending with * * * strategic dialogue with the Iranian government.) and replace with the following.

"In July of 1985, during a visit to Washington, an Israeli diplomatic advised National Security Advisor, Robert McFarlane, that Israel had established a channel of communications with authoritative elements in Iran who were interested in determining whether the United States was open to a discreet, high level dialogue with them. The Iranians were described as comprising the principal figures of the government (i.e. Speaker of the Majlis Rafsanjani and Prime Minister Musavi) and as being devoted to a reorientation of Iranian policy.

At this first meeting, McFarlane went to great length to draw out the Israeli diplomat as to why he found the Iranian proposal credible, given the events of the past 6 years. He replied that their exhaustive analysis had gone beyond the surface logic deriving from the chaos and decline within Iran and the degenerative effects of the war, to more concrete tests of the willingness of the Iranians to take personal risks (i.e. by exposure of themselves in meetings with Israelis to compromise as well as by the transfer of extremely sensitive intelligence on the situation (and political lineup) within Iran; information which was proven valid).

The Israeli asked for our position on agreeing to open such a dialogue. No mention was made of any pre-conditions or Iranian priorities. McFarlane conveyed this proposal to the President (in the presence of the Chief of Staff). The President said that he believed such a dialogue would be worthwhile at least to the point of deter-

mining the validity of the interlocutors. This was conveyed back to the Israeli diplomat.

Within days the Israeli called again on McFarlane. This meeting, he stated that he had conveyed our position and that the Iranians had responded that recognizing the need for both sides to have tangible evidence of the bona fides of the other, that from their side they wanted us to know that they believed they could affect the release of the Americans held hostage in Lebanon.

As a separate matter the Iranians stated that they were vulnerable as a group and before having any prospect of being able to affect change within Iran they would need to be substantially strengthened. To do so, they would need to secure the cooperation of military and/or Revolutionary Guard leaders. Toward this end, they expressed the view that the most credible demonstration of their influence and abilities would be to secure limited amounts of US equipment. The Israeli asked for our position toward such actions.

Mr. McFarlane elevated this proposition to the President at a meeting within days that included the Secretaries of State and Defense and the Director of Central Intelligence. The President stated that while he could understand that, assuming the legitimacy of the interlocutors, they would be quite vulnerable and ultimately might deserve our support to include tangible material, that at the time, without any first hand experience in dealing with them, he could not authorize any transfers of military material. This was conveyed to the Israeli.

Within days (mid August) the Israeli diplomat called once more to report that the message had been conveyed and that an impasse of confidence existed. He asked what the position of the US Government would be to an Israeli transfer of modest quantities of material. McFarlane replied that to him, that would represent a distinction without a difference. The Israeli diplomat explained at great length that Israel had its own policy interests that would be served by fostering such a dialogue in

behalf of the US but that a problem would arise when ultimately they needed to replace items shipped. He asked whether at that time Israel would be able to purchase replacement parts. McFarlane stated that again, the issue was not the ability of Israel to purchase military equipment from the US—they had done so for a generation and would do so in the future—but rather the issue was whether it was US policy to ship or allow others to ship military equipment to Iran. The Israeli asked for a position from our government. McFarlane elevated the question to the President (and to the Secretaries of State and Defense and the DCI). Again the President stated that while he could imagine the day coming when we might choose to support such elements with material, he could not approve any transfer of military material at that time. This position was conveyed to the Israeli diplomat.

On September 14, 1985, Reverend Benjamin Weir * * * (continue as written on page 4)

(At end of para, insert the following) We subsequently learned that in late August the Israelis had transferred 508 TOW missiles to Iran. Later in the fall, other transfers of equipment were made between Israel and Iran although some of the items were returned to Israel. McFarlane conveyed these reports to the President who directed that we insist on a direct meeting with the Iranian interlocutors while expressing our position against further arms transfers. A meeting was arranged to take place in London in early December. The President instructed McFarlane to represent the US at the meeting and to make two basic points: 1. That the US was open to a political dialogue with Iran; but that no such dialogue could make progress for as long as groups seen as dominated by Iran held US hostages, and 2. That we could under no circumstances transfer arms to Iran in exchange for hostages. These points were made to the Iranian interlocutor. He replied that unless his circle of associates were strengthened they could not risk going ahead with the exchanges. Mr. McFarlane acknowledged the

position but stated we could not change our position and returned to Washington. He debriefed the President and appropriate Cabinet officers, recommending that no further action be pursued. He then left the government.

(Note: Enter at the appropriate place the following account of RCM's involvement in the May meeting.)

In April, Mr. McFarlane was contacted and advised that further staff-level contacts had been pursued since he had left government that had led to an arrangement for the release of the remaining hostages. He was asked whether he would be prepared to meet with Iranian officials to open the political dialogue. He agreed to do so and traveled to Iran in late May to do so. (Then pick up with existing text.)

Returning to Mr. McFarlane's testimony:

And I think that is an accurate reflection of how that is cast. Now it was done as a briefing memo to be used by people who would brief the President prior to the next day's press conference, and in my judgment expected to go through a number of iterations before it reached that point. But that is my opinion of the climate in which that session occurred and the intent of its outcome. (p. 43)

* * *

I think it was * * * the 18th * * * I believe it was actually North saying the Admiral had directed that he call me and ask my help in coming over that evening to scrub and finish a chronology that would be used in helping out in the prebrief of the President for the press conference. And he said we were under the gun to get it done, but we have it. And that was about 5:00, as I recall, or late in the day.

And so I cancelled a dinner I was supposed to go to and went over, but I didn't get there actually until about 8:00 and it was in Colonel North's office. It was kind of a feverish climate in which four or five officers—Colonel North, Mr. Teicher, Mr. Coy, Colonel Earle, a couple of secretaries—

Mr. Garment: Al Keel?

Mr. McFarlane: Periodically, but not originally. Cut and paste—some original, some typed, some handwritten documents, ones that had been prepared, I believe, in Mr. Buchanan's office to be used the next day. And separately a draft chronology, the so-called master of which had been done by the CIA, or so I was told by Colonel North.

Senator Muskie: Incidentally, do we have that?

Mr. Dawson: Yes, sir.

Mr. McFarlane: I started by looking at the opening statement and believed that it did not fully treat the political purpose at issue here of the longer-term relationship with Iran and other points that were less important. But I sat down and drafted a three-section note that went out in three separate messages by PROFs to Admiral Poindexter. He reacted to the first two by telephone after he got them, probably by 10:00 by this time, at night. Other people had been working on the chronology for the same two hours, while I'd been working on the opening statement. And at that point I finished and 10:30 or so turned my attention to the chronology and was given the master, which was a CIA product, and I think fairly it was understandably wrong because the officer tasked to prepare it had not been involved in many of the events.

But you could see several errors in it, and I pointed out perhaps a half dozen and got through it to about the middle of it, to where it treated the President's involvement in the original decision. The treatment that was there was ambiguous in a number of respects, but it said, for example, that he had acquiesced in the sale, as I recall, and it left out issues of timing.

And I sat down and, after looking through a separate stack of several pieces of paper, was given one that had two paragraphs on it on this issue. The first part of it treated the basic matter of the approval itself, and the second paragraph dealt with his reaction once he had learned about it in an ex post context.

And in looking at the first part of it it was not technically wrong. As I recall, it had words to the effect that the President did not approve, did not formally approve the September 2 shipment and then it went on in the second paragraph to say upon learning about it after Mr. Weir's release was upset and directed someone to have me — it didn't say — directed that Mr. McFarlane so advise the government of Israel.

Well, in looking at those, those were expressive to me, first of all, of a climate in which there was an obvious effort to, as I said, distance and to blur the President's role in the initial authorization, in both timing and substance.

General Scowcroft: Did you raise that point with anybody here? I mean, this is the first time you've seen this maneuvering.

Mr. McFarlane: Well, I did, and it was a little—it was very curious because in truth none of those officers there were involved at that point in time, and so they weren't in a position to say. They could have written this. No one owned up to it. Mr. Teicher said and has said since that he did not. Colonel North asked me. I said, well where does this come from? They said well, I don't know, but it's something I can't personally throw any light on.

And innocent shrugs from Mr. Coy and Colonel Earle. There was no one in the room that had written it.

Mr. Dawson: But these two conversations that you had with Admiral Poindexter, did they concern the President's involvement and his authorization?

Mr. McFarlane: His original call to me on November 3 had, and he recalled it the way that I have, and I have testified to that—that the President met in his pajamas in the residence and then subsequently approved it.

I recall having talked to him that night, Admiral Poindexter, that evening when I sent him the first two sections on the opening statement, and then later on when he came back on the third one and said yes, it is good too. Now I do remember

very clearly talking to him after I had finished all work that evening, and it is only unclear in my mind whether it was that night or the following day.

But I wrapped up what I had done for him and I said: John, there are at least a half dozen or more serious problems with this chronology. I have noted them. Colonel North believes that he can straighten out the ones that I have pointed out to him. And the portrayal of the President's role in this is directed toward, apparently, putting some distance and ambiguity around the timing and the substance of his approval—that is, was it before or after.

Now it isn't technically wrong the way somebody has written it down here, but we know that the President approved this before the Israelis did it. And I tend to think that that was exchanged with him in a stand-up conversation the next day—that is, the day of the press conference, Wednesday. And he acknowledged what I had said, and he said, yes, we are working on it still. Or we will continue to work on it after you have finished and thanks for your help.

I say that because just the memory of saying that I had pointed out the several mistakes is pretty vivid in my mind as a stand-up exchange between myself and him and Mr. Keel present as a witness, and his acknowledging, okay, we will get this straightened out.

But I said, and I had participated the night before in preparing it, I said: You know, it is technically not inaccurate to say that the President didn't formally approve the September 2 shipment discretely. But, of course, he approved it as an authority for it to be done. And, secondly, the part that I accepted and sent you in my note about his being upset about it, I can imagine maybe he was and so I can't disprove it, but he didn't say that to me. (pp. 46-51).

...

Mr. Garment: By the way, you said that John Poindexter was not there that night. Was he there at any point? Was he there when you came to the meeting? Do you know why he went home? Do you know

why he didn't attend the meeting? Can you shed any light on that?

Mr. McFarlane: He wasn't there and I don't know why. He had gone home, but he had gone perhaps to an outside obligation beforehand.

Mr. Garment: Well, he was at home?

Mr. McFarlane: He reached home, I would guess, no later than 10:00 or so, but I don't know why.

Mr. Garment: Did you speak to him before the meeting at any point after North asked you to come to that meeting—that is, from the time North called you until you appeared at the OEOB, speaking to Admiral Poindexter?

Mr. McFarlane: I remember speaking to him that night at least once, and perhaps twice, again after that session before the press conference, to make it emphatic that it was not an accurate chronology.

Mr. Garment: Rhett, do you intend to get into the business of the meeting with the Attorney General and that sequence of events? If not, I think it would be helpful for him to continue with that in the same vein.

Mr. Dawson: I think that's a good idea.

Mr. Garment: Discussing matters which he has now had an opportunity to refresh his recollection with documents on.

Mr. McFarlane: Well, the meeting was called at the Attorney General's initiative, and he called me. I was at home.

General Scowcroft: When was this?

Mr. McFarlane: This was the 21st, which would have been Friday. He called and I was at home working on a speech that I had to give and he asked me—well, he said, first of all, Bud, I have been tasked by the President to put together an accurate record of events in this matter and I would like to talk to you. When can you come in? I volunteered as soon as possible—driving time.

And within about an hour—it would have been 2:00 or 3:00—I was in his office, his inner office, and it was the Attorney Gen-

eral and an associate, Mr.—I assume, Charles Cooper. We were seated about like this, between the Attorney General and myself, and Mr. Cooper was sitting next to us taking notes.

And in the course of about an hour I went through my recollection really, because I hadn't referred to records still, what I remembered about the decision process and my account was essentially as I had acceded to it in the Tuesday night session. And Mr. Meese then had a number of questions about the President's involvement, other people's involvement, positions of various Cabinet officers.

And this was a back and forth that went for perhaps another half hour and he said okay, that's fine.

And we rose to break up. His secretary came in and gave me a message that had come in some time before and said your wife called with some urgency and you need to call her right away.

Mr. Cooper left the room and Ed began to leave the room. And I said: Ed, wait a minute. I want to talk to you about this. Now, I wanted to talk to him because it was very apparent. I'm talking to the chief law enforcement officer of the country. It is essential that there not be any ambiguity in what he is telling the President about the truth of the actions here. And so I told him, you know, as you may have seen in this morning's papers I gave a speech last night and I have taken on responsibility for every bit of this that I can, Ed, and I shall continue to do that.

And he interrupted and said yes, that's been noted. But I want you to know that from the very beginning of this, Ed, the President was four-square behind it, that he never had any reservations about approving anything that the Israelis wanted to do here. Ed said, Bud, I know that, and I can understand why. And, as a practical matter, I'm glad you told me this because his legal position is far better the earlier that he made the decision.

And I said well, I don't have any knowledge of that, but there was no question about it, Ed. He said, okay. I may have to

get back to you. Thanks a lot. And that was that.

And then, on Sunday night—no, Monday afternoon he called and asked me to come by again, and I went down to his office again, and by that time he had learned, I suppose from his associates turning up the evidence of the diversion of funds to the Contra business, about it and he asked me to come down and began to ask questions about that. I told him when I learned about it and my lack of knowledge on the antecedents to it and so forth.

And he said fine. And I said, Ed, you know, I think this has gone well beyond timewise what it should have and the President ought to get out the facts right away, and I think also that there are a number of other policy initiatives that ought to be taken if he's going to be able to show leadership in foreign policy at all. And if you think that it's of value I'd be glad to jot some of these down and send them to you.

And he said, yes, I'd appreciate that very much. So I went home—this is Monday afternoon—and in the space of about an hour put down about three or four pages of ideas. (pp. 53-57)

• • •

After his conversation with Mr. Meese, Mr. McFarlane sent another PROF note to VADM Poindexter at 21:01 on the 21st of November. A portion of this note follows.

• • • I spent a couple of hours with Ed Meese today going over the record with him. The only blind spot on my part concerned a shipment in November '85 which still doesn't ring a bell with me.

But it appears that the matter of not notifying the Israeli transfers can be covered if the President made a "mental finding" before the transfers took place. Well on that score we ought to be ok because he was all for letting the Israelis do anything they wanted at the very first briefing in the hospital. Ed seemed relieved at that.

Returning to Mr. McFarlane's testimony:

[Regarding the President's Approval in August 1985:]

Chairman Tower: Now, did you communicate the President's approval and inform anybody on your staff about it? Did you tell Poindexter? Who did you tell? Who did you contact to tell them the President had approved this on our side?

Mr. McFarlane: Admiral Poindexter is the short answer. In my recurring memory of how it took place—and I've asked my wife to try to recall this image—is that it occurred at home, and he called me from Camp David and that I then called Mr. Kimche and not until the next day, however, did I tell Admiral Poindexter.

There ought to be a record, although not on my record because I was at home, probably in the Camp David operators that a call took place.

General Scowcroft: Did you tell Mike Ledeen about the approval? Did you tell him to convey it?

Mr. McFarlane: I don't have any mental image of a meeting, but I expect that I did convey it to him, not for him to further carry it out but to inform him that that was the decision. [I've called that.] He came out to make a speech in Los Angeles at a moment when the Presidential party was there . . . And, if not before, surely then I would have told him about it.

Chairman Tower: Understanding that this was on a pretty closely held basis, was there anybody beside Poindexter that you would have told that the President communicated to you his approval?

Mr. McFarlane: Not on the NSC staff, no, sir.

Chairman Tower: And you did not inform the other NSC principals?

Mr. McFarlane: Within a day or so I did.

Chairman Tower: Which ones?

Mr. McFarlane: It would have been the Secretary of State, Defense, Mr. Regan and the Vice President.

Chairman Tower: That the President had given you the go-ahead on this?

Mr. McFarlane: That is correct.

Mr. McFadden: How about Mr. Casey?

Mr. McFarlane: And Mr. Casey, yes.

Chairman Tower: Bud, were you aware if there was ever a contingency plan to deal with this issue, a planned public diplomacy campaign of any kind to deal with it once it became public knowledge, whether by official release or by just simply being exposed?

Mr. McFarlane: I know of no such plan. (pp. 59-61).

• • •

The White House Position Changed

In the first days after the disclosure, the President stood firmly with VADM Poindexter in support of protecting the channel and the operation. Mr. McDaniel noted that during VADM Poindexter's morning briefings the issue was discussed on November 6 and 7; in both discussions, the President apparently agreed to make no comment in hope that additional hostages would be freed and out of fear for the safety of the second channel.

The President met with the Vice President, Secretaries Shultz and Weinberger, Mr. Regan, Director Casey, Attorney General Meese, VADM Poindexter, and Dr. Alton Keel (Acting Deputy at NSC) on November 10 to discuss the initiative and possible government reactions. Notes of the meeting by Dr. Keel provide some insight into this meeting. The President felt a need for a statement of U.S. intentions in the initiative. VADM Poindexter offered a brief history of the initiative. Following questions by Secretaries Shultz and Weinberger, the President stated that rumors had endangered what they were doing. Dr. Keel's notes suggest that the President felt that we had not dealt with terrorists or paid ransom and that one of the purposes of government was to protect its citizens. The President felt that a basic statement had to come out but that we needed to avoid details and specifics of the operation; he urged that we could not engage in speculation because the lives of the hostages and the Iranians were at stake.

On November 13, Mr. McDaniel noted that the President decided to address the nation that evening. There appear to have been sever-

al drafts of the President's speech and a hectic struggle to produce the final product. That night, the President addressed the nation.

The President's Address to the Nation

The President told the American people that they were "going to hear the facts from a White House source and you know my name."

The President stated that a diplomatic initiative had been underway for 18 months, for the following reasons:

- to renew relationship with Iran;
- to bring an honorable end to Iran-Iraq war;
- to eliminate state-sponsored terrorism;
- to attain the safe return of the hostages.

The President said, "The United States has not swapped boatloads or planeloads of American weapons for the return of the American hostages."

"I authorized the transfer of small amounts of defensive weapons and spare parts for defensive systems to Iran. . . . These modest deliveries, taken together, could easily fit into a single cargo plane. They could not, taken together, affect the outcome of the . . . war . . . nor . . . the military balance."

The President noted that various countries had tried to broker a relationship between Iran and the United States since 1983. "With this history in mind, we were receptive last year when we were alerted to the possibility of establishing a direct dialogue with Iranian officials."

"It's because of Iran's strategic importance and its influence in the Islamic world that we chose to probe for a better relationship between our countries."

"Our discussions continued into the spring of this year. Based upon the progress we felt we had made, we sought to raise the diplomatic level of contacts. A meeting was arranged in Tehran. I then asked my former National Security Adviser, Robert McFarlane, to undertake a secret mission and gave him explicit instructions."

"There is ample precedent in our history for this kind of secret diplomacy. In 1971, then-

President Nixon sent his national security adviser on a secret mission to China."

"Although the efforts we undertook were highly sensitive and involvement of government officials was limited to those with a strict need to know, all appropriate Cabinet Officers were fully consulted. The actions I authorized were and continue to be in full compliance with federal law. And the relevant committees of Congress are being and will be fully informed."

"We did not—repeat—did not trade weapons or anything else for hostages—nor will we."

VADM Poindexter Briefed Reporters

VADM Poindexter briefed reporters on background the same day. The following interchange between VADM Poindexter and reporters officially exposed a connection between Israel and the United States in the 1985 shipments.

Q "—a few things on the shipments, just to clarify this. Any shipments that were made prior to January of 1986 you're saying the U.S. had no role in, either condoning, winking, encouraging, or anything of that nature? Is that correct?"

VADM Poindexter: "That's correct."

• • •

Q "Could you say then what prompted the release of Benjamin Weir then in September of '85? What event do you think was related to his release?"

VADM Poindexter: "Well, I think that it was a matter of our talking to the contacts through our channel, making the case as to what our long-range objectives were, demonstrating our good faith—"

Q "How was that done?"

VADM Poindexter: "Well, that was on of the motivations behind the small amount of stuff that we transferred to them."

Q "But that was done later?"

VADM Poindexter: "The problem is—and don't draw any inferences from this—but there are other countries involved, but I don't want to confirm what countries those are and—because I think that it is still important that that be protected. And going back to the question you asked me earlier, there was one shipment

that was made not by us, but by a third country prior to the signing of that document."

Q "This shipment to Israel?"

VADM Poindexter: "I'm not confirming that, George."

Q "Was that on our behalf?"

VADM Poindexter: "It was done in our interests."

Q "Was that before Weir was released?"

VADM Poindexter: "I honestly don't know. And if I knew, I don't think I would tell you precisely."

Q "You just said previously that you did not condone any shipments?"

VADM Poindexter: "I went back and corrected—there was one exception and that was the one I just described."

The President's News Conference

The speech did not stem the pressure mounting in Congress and the U.S. media. By November 19, the President decided to conduct a news conference; excerpts from the conference follow:

"Several top advisers opposed the sale of even modest shipment of defensive weapons and spare parts to Iran. Others felt no progress could be made without this sale. I weighed their views. I considered the risks of failure and the rewards of success, and I decided to proceed, and the responsibility for the decision and the operation is mine and mine alone."

"I was convinced then and I am convinced now that while the risks were great, so, too, was the potential reward. Bringing Iran back into the community of responsible nations, ending its participation in political terror, bringing an end to that terrible war, and bringing our hostages home—these are causes that justify taking risks."

On the Danish ships and the Danish sailor's union officials' stories the President commented, "we certainly never had any contact with anything of the kind."

On conflicts with established policy, the President responded, "I don't think it was duplicity, and as I say, the so-called 'violation' did not in any way alter the balance, military balance, between the two countries."

Q "Mr. President, you say that the equipment which was shipped didn't alter the mili-

tary balance. Yet, several things—we understand that there were 1,000 TOW anti-tank missiles shipped by the U.S. The U.S. apparently condoned shipments by Israel and other nations of other quantities of arms as an ancillary part of this deal—not directly connected, but had to condone it, or the shipments could not have gone forward, sir. So, how can you say that it cannot alter the military balance, and how can you say, sir, that it didn't break the law, when the National Security Act of 1977 plainly talks about timely notification of Congress and also, sir, stipulates that if the national security required secrecy, the President is still required to advise the leadership and the chairman of the intelligence committees?"

The President: "Bill, everything you've said here is based on a supposition that is false. We did not condone, and do not condone the shipment of arms from other countries."

Q "Is it possible that the Iraqis, sir, might think that 1,000 anti-tank missiles was enough to alter the balance of that war?"

The President: "This is a purely defensive weapon—it is a shoulder-carried weapon and we don't think that in this defensive thing—we didn't add to any offensive power on the part of Iran. . . . And, as I say, all of those weapons could be very easily carried in one mission."

"We, as I say, have had nothing to do with other countries or their shipment of arms or doing what they're doing."

Q ". . . Are you telling us tonight that the only shipments with which we were involved were the one or two that followed your January 17th finding and that, whatever your aides have said on background or on the record, there are not other shipments with which the U.S. condoned?"

The President: "That's right. I'm saying nothing but the missiles that we sold—and remember, there are too many people that are saying 'gave.' They bought them."

Q "Mr. President, to follow up on that, we've been told by the Chief of Staff Donald Regan that we condoned, this government condoned an Israeli shipment in September of 1985, shortly before the release of hostage Benjamin Weir. . . ."

The President: "No, that—I've never heard Mr. Regan say that and I'll ask him about that,

because we believe in the embargo and, as I say, we waived it for a specific purpose . . ."

" . . . To the best of our knowledge, Iran does not own or have authority over the Hezbollah. They cannot order them to do something. It is apparent that they evidently have either some persuasion and they don't always succeed, but they can sometimes persuade or pressure the Hezbollah into doing what they did in this instance. And, as I say, the Iranian government had no hostages and they bought a shipment from us and we, in turn—I might as well tell you—that we, in turn, had said when they wanted to kind of know our position and whether we were trustworthy and all of this, we told them that we were—we did not want to do business with any nation that openly backed terrorism. And they gave us information that they did not and they said also that they had some evidence that there had been a lessening of this on the part of—Khomeini and the government and that they'd made some progress. As a matter of fact, some individuals associated with terrorist acts had been put in prison there. And so that was when we said well, there's a very easy way for you to verify that if that's the

way you feel, and they're being held hostage in Lebanon."

On being corrected about a TOW missile, the President responded, ". . . if I have been misinformed, then I will yield on that, but it was my understanding that that is a man-carried weapon, and we have a number of other shoulder-borne weapons."

The President concluded, "I don't think a mistake was made. It was a high-risk gamble, and it was a gamble that, as I've said, I believe the circumstances warranted. And I don't see that it has been a fiasco or a great failure of any kind. We still have those contacts, we still have made some ground, we got our hostages back—three of them. And so I think that what we did was right, and we're going to continue on this path."

In the wake of the press response to the news conference, the President asked Attorney General Meese to come to the White House to straighten out what had happened over the course of the initiative. It was during these discussions on November 21–23 that the Attorney General discovered the possibility of diversion.

Appendix E

Case Studies Prepared for the Board

Case	Administration
NSC-68	Truman
U-2	Eisenhower
Bay of Pigs/Operation Mongoose	Kennedy
Cuban Missile Crisis	Kennedy
Covert Operations in Chile	Nixon
Cambodia Bombing	Nixon
Opening to China	Nixon
Mayaguez Incident	Ford
Fall of the Shah	Carter
Iran Hostage Negotiation	Carter
Desert I Rescue	Carter
Marines in Beirut	Reagan
TWA-847	Reagan
Achille Lauro	Reagan

These case studies were prepared, under the direction of the Board, by Graham Allison, John F. Kennedy School of Government; Michael Beschloss, Smithsonian Institution; MacGregor Knox, University of Rochester; Williamson Murray, Ohio State University; Albert Pierce, National Defense University; Gregory Treverton, John F. Kennedy School of Government.

The Board extends special thanks to Robert Murray of the John F. Kennedy School of Government who made a major contribution in the interpretation and preparation of these cases.

President's Special Review Board Interviews*

(Covering the period 1 Dec 1986-26 Feb 1987)

<i>Name</i>	<i>Date</i>	<i>Name</i>	<i>Date</i>
Abrams, Elliot	19 Dec	Kimmitt, Robert	12 Dec
Allen, Charles	30 Dec/11 Feb	Kissinger, Henry	23 Jan
Allen, Richard V.	13 Jan	Laird, Melvin	16 Jan
Armitage, Richard L.	18 Dec	Ledeon, Michael	9 Jan/12 Feb
Brown, Harold	15 Jan	McFarlane, Robert C.	11 Dec/19 Feb/ 21 Feb
Brzezinski, Zbigniew	19 Jan	McMahon, John N.	6 Jan
Bush, George	18 Dec	McNamara, Robert	19 Jan
Carlucci, Frank C.	19 Dec/20 Feb	Meese, Edwin	20 Jan
Carter, James E.	21 Jan	Mondale, Walter	4 Feb
Cave, George	5 Jan	Moorer, Thomas H.	11 Feb
Clarridge, Duane R.	18 Dec	Nixon, Richard	23 Jan
Clifford, Clark	22 Jan	Oakley, Robert	17 Dec
Colby, William	8 Jan	Reagan, Ronald	26 Jan/11 Feb
Coy, Craig	2 Jan	Regan, Donald	7 Jan
Doherty, David P.	19 Dec	Rogers, William	16 Jan
Ford, Gerald	25 Jan	Rosenne, Meir	4 Feb
Fuller, Graham	2 Jan	Rostow, Walt	7 Jan
Furmark, Roy M.	15 Jan	Schlesinger, James	6 Feb
Gates, Robert	12 Jan	Shackley, Theodore G.	5 Feb
George, Clair	14 Jan	Shultz, George	22 Jan
Ghorbanifar, Manucher ...	29 Jan	Sporkin, Stanley	9 Jan
Haig, Alexander M., Jr.	18 Dec	Teicher, Howard	19 Dec
Helms, Richard	20 Jan	Turner, Stansfield	24 Jan
Jones, David C.	9 Feb	Vance, Cyrus	19 Jan
Khashoggi, Adnan	29 Jan	Weinberger, Caspar	14 Jan

The Board also interviewed the following officials:

Chief of the Near East and South Asian Division in the Operations Directorate, CIA — 5 Jan

Chief of the Iran Branch, Operations Directorate, CIA — 6 Feb

Director of the Central American Task Force, Operations Directorate, CIA — 8 Jan

* There were a substantial number of additional interviews conducted by the staff at the direction of the Board.

PRESIDENT'S SPECIAL REVIEW BOARD

December 12, 1986

Vice Admiral John Poindexter
10 Barrington Lane
Rockville, Maryland 20850

Dear Admiral Poindexter:

On behalf of the Special Review Board established by Executive Order No. 12575, I request that you appear before the Board, at 10:00 a.m., December 17, 1986, to discuss and respond to questions regarding the manner in which foreign and national security policies established by the President have been implemented by the NSC staff.

Should you have any questions regarding this request please contact me or Mr. Clark McPadden, General Counsel to the Board, at 456-2566.

The Board would appreciate a response to this request as soon as possible.

Sincerely,

A handwritten signature in dark ink, appearing to read "John Tower", with a long horizontal flourish extending to the right.

John Tower, Chairman
President's Special Review Board

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December 16, 1986

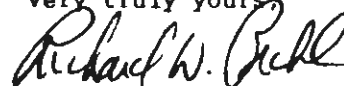
BY HAND

Clark McFadden, Esq.
General Counsel to the President's
Special Review Board
New Executive Office Building
Room 5221
Washington, D.C.

Dear Mr. McFadden:

We represent Vice Admiral John M. Poindexter, and he has provided us with Chairman Tower's letter, dated December 12, 1986, requesting the Admiral's appearance before the President's Special Review Board on December 17, 1986. At the present time, Admiral Poindexter must respectfully decline to appear before the Board. He has asked us, however, to assure you that he would be pleased, at an appropriate time, to discuss and respond to the Board's questions regarding the manner in which foreign and national security policies established by the President have been implemented by the NSC staff.

Very truly yours,


Richard W. Beckler

cc: Vice Admiral John M. Poindexter

PRESIDENT'S SPECIAL REVIEW BOARD

December 12, 1986

Lt Col Oliver North
Kentland Drive
Great Falls, Virginia 22066

Dear Colonel North:

On behalf of the Special Review Board established by Executive Order No. 12575, I request that you appear before the Board, at 2:30 p.m., December 17, 1986, to discuss and respond to questions regarding the manner in which foreign and national security policies established by the President have been implemented by the NSC staff.

Should you have any questions regarding this request please contact me or Mr. Clark McFadden, General Counsel to the Board, at 456-2566.

The Board would appreciate a response to this request as soon as possible.

Sincerely,


John Tower, Chairman
President's Special Review Board

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* MEMBER PA BAR ONLY
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*** MEMBER CA BAR ONLY

HAND DELIVER

John Tower, Chairman
President's Special Review Board
Room 5221
New Executive Office Building
Washington, D.C. 20506

Dear Mr. Tower:

As you know, LtCol North has asserted his constitutional right not to answer questions with respect to the subject matter of your December 12, 1986 letter. We regret we cannot be of assistance to you at this time. LtCol North looks forward to the opportunity of answering all of your questions at the appropriate time.

In view of the fact that LtCol North is represented by counsel, please direct all further correspondence to me directly.

Sincerely yours,

Brendan V. Sullivan
Brendan V. Sullivan, Jr.

BVS:lng

cc: W. Clark McFadden, II
General Counsel to the Board

PRESIDENT'S SPECIAL REVIEW BOARD
New Executive Office Building - Room 5221
Washington, D.C. 20506
202-456-2566

JOHN TOWER
Chairman
EDMUND MUSKIE
BRENT SCOWCROFT

February 4, 1987

RHETT DAWSON
Director
W. CLARK MCFADDEN II
General Counsel

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

For the last several weeks, the President's Special Review Board has been studying the National Security Council process. Pursuant to your direction, a focus of the Board's attention has been the recent transfers of arms to Iran and the possible diversion of funds to the Contras. Establishing the essential facts surrounding these transactions has proven to be a difficult challenge.

Two individuals, Admiral John Poindexter and Lt. Col. Oliver North, played central roles in these transactions. The ability of the Board to make an informed and useful appraisal of the Iran-Contra matter would be greatly enhanced by the testimony of these individuals. To this end, the Board invited these individuals to appear before it, but through their attorneys, they declined.

Under these circumstances and consistent with the responsibility which the Board has accepted, the Board respectfully requests that in your capacity as Commander-in-Chief you order these individuals to appear before the Board and to cooperate in connection with its inquiry. In this way we believe the Board can most effectively accomplish its purpose.

Thank you for your cooperation.

Sincerely,

John Tower
John Tower

THE WHITE HOUSE

WASHINGTON

February 6, 1987

Dear Senator Tower:


Thank you for your letter to the President of February 4, 1987, requesting that he, as Commander in Chief, order Vice Admiral John Poindexter and Lt. Col. Oliver North to appear before and cooperate with the President's Special Review Board.

On numerous occasions, the President has made clear his desire that both Vice Admiral Poindexter and Lt. Col. North cooperate fully with all on-going inquiries into the Iran matter and the alleged diversion of funds to the anti-Sandinista forces in Nicaragua. In these statements, however, the President has recognized that Messrs. Poindexter and North have a constitutional right not to testify, and that this right must be respected even when its assertion unduly hinders the disclosure process the President himself has set in motion.

In response to your request, we have confirmed with the General Counsel of the Department of Defense what had been our previous advice to the President -- that the order you seek would conflict with the constitutional rights of Messrs. Poindexter and North, as well as their rights under Article 31 of the Uniform Code of Military Justice, and hence would not be a lawful order under the Manual for Courts-Martial, E.O. 12473 (1984). A copy of the opinion of the General Counsel of the Department of Defense is attached.

If you have any questions, or if I may be of further assistance, please contact me.

Very truly yours,



Peter J. Wallison
Counsel to the President

The Honorable John G. Tower
Chairman
President's Special Review Board
The White House
Washington, D.C. 20500

Attachment



GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE

WASHINGTON, D.C. 20301

February 5, 1987

MEMORANDUM FOR MR. PETER J. WALLISON, COUNSEL TO THE PRESIDENT

SUBJECT: Tower Commission Request Regarding Former NSC Personnel

In my opinion, the request by the Tower Commission that the President, as Commander-in-Chief, order Vice Admiral Poindexter and Lieutenant Colonel North to answer the Commission's questions should be denied. In the absence of a grant of testimonial immunity, the Commission's request asks the President to issue an order which would be clearly unlawful and, therefore, unenforceable through the provisions of the Uniform Code of Military Justice (UCMJ).

Military personnel are protected against compelled self-incrimination by both the Fifth Amendment and Article 31 of the UCMJ, 10 U.S.C. §831. Although Article 31 only applies to interrogations or investigations conducted by persons subject to the UCMJ, Fifth Amendment protections apply independently to both civilian and military investigations. United States v. Tempia, 37 C.M.R. 249 (C.M.A. 1967).

Military personnel may be prosecuted before courts-martial for willful violations of the lawful orders of their military superiors. Articles 90 and 92, UCMJ, 10 U.S.C. §§890, 892. As Commander-in-Chief of the armed forces, the President is the military superior of both individuals; willful failure to obey his lawful orders does violate Article 92. Violation of his lawful orders is sufficiently "service-connected" to support the exercise of military jurisdiction, regardless of where given or disobeyed. United States v. Fuller, 2 M.J. 702 (A.F.C.M.R. 1976).

However, to be lawful, an order "must not conflict with the statutory or constitutional rights of" the recipient. Part IV, Paragraph 14c(2)(a)(iv), Manual for Courts-Martial, E.O. 12473 (1984). An order which contravenes the recipient's rights under Article 31 and the Fifth Amendment is not a lawful order. United States v. Jordan, 22 C.M.R. 242 (C.M.A. 1957); United States v. Jackson, 1 M.J. 606 (A.C.M.R. 1975). To the extent an order requires the recipient to perform a self-incriminating act, it violates Article 31, and cannot serve as the basis of a conviction for violating Articles 90 or 92. United States v. Hay, 3 M.J. 654 (A.C.M.R. 1977).

Nor can servicemembers be administratively separated from the service or otherwise penalized for invoking their protection against self-incrimination. Lefkowitz v. Cunningham, 431 U.S. 801 (1977); Lefkowitz v. Turley, 414 U.S. 70 (1973); Sanitation Men v. Sanitation Commissioner, 392 U.S. 280 (1968); Gardner v. Broderick, 392 U.S. 273 (1968); Garrity v. New Jersey, 385 U.S. 493 (1967). Inasmuch as the Government is clearly on notice of the assertion of Fifth Amendment rights by both officers, they would almost surely obtain de facto immunity for their statements if they chose to obey rather than refuse the order.

If afforded testimonial immunity by the Attorney General under 18 U.S.C. §6002, Vice Admiral Poindexter and Lieutenant Colonel North may then be ordered to account for their official conduct. Refusal to do so might then provide a basis for prosecution under the UCMJ provisions discussed above, or adverse administrative action under service regulations. Gardner, 392 U.S. at 279. However, neither their statements nor any evidence derived therefrom may be used against them in a subsequent criminal prosecution or court-martial, except for perjury or other falsity arising out of their statements. Evidence independently derived would, of course, not be precluded from use by such immunity.

Statements made pursuant to a grant of immunity could be used to support any appropriate adverse administrative action, to include admonition, reprimand, determination of retired grade, or separation from the naval service. See United States v. Apfelbaum, 445 U.S. 124, 125 (1980) and cases cited therein.

Accordingly, I conclude that such an order from the President as is requested by the Tower Commission would not be lawful unless accompanied by a grant of immunity, and could not be enforced by threat of punishment under the UCMJ or other adverse action. Although the giving of such an order would not itself violate the law, it would set an extremely poor precedent within the military justice system by suggesting that commanders may, for reasons of command, confer de facto immunity to obtain information without adhering to established provisions of law governing grants of immunity.

I recommend the Tower Commission's request be rejected.


 Lawrence Garrett, III



Office of the Attorney General
 Washington, D.C. 20530

18 February 1987

The Honorable John Tower
 President's Special Review Board
 New Executive Office Building, Room 5221
 Washington, D.C. 20506

Dear Senator Tower:

In my appearance before the President's Special Review Board I was asked whether a finding under the Hughes-Ryan Amendment would have been necessary if it were found that the Central Intelligence Agency rendered certain kinds of assistance to a covert arms transfer to Iran prior to the President's authorizing such a transfer. The purpose of this letter is to respond to the Board's request for a considered, written answer to this question.

The Board's question assumed that the CIA, without prior presidential authorization, assisted in the November 1985 arms shipment to Iran by attempting to obtain flight clearances at a foreign airport and by arranging for a proprietary airline to carry the arms from Israel to Iran. The question further assumed that the objective of the transfer was to influence the policy and actions of a foreign government while not publicly disclosing the American role in exerting that influence. Under these assumed facts, I believe that a finding under the Hughes-Ryan Amendment would be required.

The so-called Hughes-Ryan Amendment, section 662 of the Foreign Assistance Act, (codified as amended at 22 U.S.C. 2422), provides in its present form:

No funds appropriated under the authority of this chapter or any other Act may be expended by or on behalf of the Central Intelligence Agency for operations in foreign countries, other than activities intended solely for obtaining necessary intelligence, unless and until the President finds that each such operation is important to the national security of the United States. Each such operation shall be considered a significant anticipated intelligence activity for the purpose of section 413 of title 50 [i.e. section 501 of the National Security Act].

The arms transfer you describe would constitute an "operation in a foreign country," the kind of situation at which the Hughes-Ryan Amendment was apparently aimed. Assuming the accuracy of the facts outlined above, and assuming further that intelligence gathering was not the sole objective of the operation, I believe that such CIA assistance in transferring the arms would require a prior finding by the President that the operation was "important to the national security of the United States."

I am aware of statements that CIA personnel did not fully understand or did not have full information concerning the nature of the operation at the time the agency was asked for its assistance. If the operation was described to CIA personnel in terms that made Hughes-Ryan seem inapplicable, that would have a bearing on whether the CIA could be held responsible for the lack of a presidential finding. Moreover, nothing in this letter should be read as implying that a Hughes-Ryan finding would be required for every single foreign operation that is not strictly intended solely for obtaining necessary intelligence. Nor do I intend to imply that every form of CIA assistance to another agency, no matter how peripheral or indirect, would require a Hughes-Ryan finding merely because the other agency was engaged in a covert operation.

Please let me know if I can be of further assistance.

Sincerely yours,

Edwin Meese III

EDWIN MEESE III
Attorney General

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