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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name MEESE, EDWIN: FILES

Withdrawer

CAS 2/8/2007

File Folder IRANIAN HOSTAGE AGREEMENTS (2 OF 2)

FOIA

2004-102

Box Number CFOA 28

BATTLE

2

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
33698	MEMO	RICHARD ALLEN TO THE PRESIDENT RE IRAN HOSTAGE AGREEMENTS D 9/5/2007 NLRRF04-102	2	2/15/1981	B3
33699	MEMO	ALEXANDER HAIG TO THE PRESIDENT RE IRAN HOSTAGE AGREEMENTS R 9/5/2007 NLRRF04-102	1	2/14/1981	B1
33700	MEMO	ALEXANDER HAIG TO THE PRESIDENT RE IRAN HOSTAGE AGREEMENTS (ATTACHMENT TO 33699) D 9/5/2007 NLRRF04-102	10	ND	B3
33701	PAPER	BY THE INTERDEPARTMENTAL GROUP FOR REVIEW OF THE IRAN HOSTAGE AGREEMENTS (ATTACHMENT TO 33699) D 9/5/2007 NLRRF04-102	14	ND	B3
33702	MEMO	RICHARD ALLEN TO SECRETARY HAIG ET AL RE IRAN HOSTAGE AGREEMENTS D 9/5/2007 NLRRF04-102	2	2/19/1981	B3

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

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33698	MEMO RICHARD ALLEN TO THE PRESIDENT RE IRAN HOSTAGE AGREEMENTS	2	2/15/1981	B1

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53647
~~SECRET~~

THE SECRETARY OF STATE
WASHINGTON

February 14, 1981

MEMORANDUM FOR: THE PRESIDENT

From: Alexander M. Haig, Jr.

Attached are two lengthy and extremely detailed analyses of the Iran Hostage Agreements.

The first is my personal memorandum to you requesting specific approval for the host of actions related to the Agreements.

The second is the agreed interdepartmental analysis, consistent with the first but even more lengthy and detailed. You may wish to limit yourself to the burdensome task of the first memo and, if questions arise, refer to the second.

There is some urgency in the matter because your staff believes there is advantage to initiating the public relations scenario in my basic memo before your economic speech. I concur with their views and recommend that we proceed with the scenario as outlined in my basic memo.

Attachments

1. Personal Memo
2. Agreed Interdepartmental Analysis

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RDS-3 2/14/2001

NLRR FO4-102 #33699

BY GJ NARA DATE 9/5/07

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33700	MEMO ALEXANDER HAIG TO THE PRESIDENT RE IRAN HOSTAGE AGREEMENTS (ATTACHMENT TO 33699)	10	ND	B1

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33701	PAPER BY THE INTERDEPARTMENTAL GROUP FOR REVIEW OF THE IRAN HOSTAGE AGREEMENTS (ATTACHMENT TO 33699)	14	ND	B1

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33702	MEMO RICHARD ALLEN TO SECRETARY HAIG ET AL RE IRAN HOSTAGE AGREEMENTS	2	2/19/1981	B1

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14 OCT 1981

Mr. Edwin Meese
The White House

10/12/81

The attached letter deals with a matter which I thought should properly be brought to your attention, as it will likely arise again with different international resolutions.

DEPUTY SECRETARY OF STATE



~~CONFIDENTIAL~~

THE DEPUTY SECRETARY OF THE TREASURY

WASHINGTON, D.C. 20220

17 JUL 1981

MEMORANDUM FOR: THE HONORABLE EDWIN MEESE III
COUNSELOR TO THE PRESIDENT

THE HONORABLE JAMES A. BAKER III
CHIEF OF STAFF

FROM: R. T. McNamar

R. T. McNamar

SUBJECT: Iranian Negotiations

On July 14, 1981, Secretary Regan, pursuant to the President's decision to implement the Iranian hostage agreements, notified the White House that Treasury intended to transfer approximately \$2 billion of Iranian assets held in banks in the United States of which \$1 billion would be set aside in a Security Account in the Central Bank of the Netherlands to secure awards to American claimants by the Iran-U.S. Claims Tribunal. A copy of Secretary Regan's memorandum and a supporting letter from State are attached hereto as Exhibits A and B.

At the Hague, the Claims Tribunal has been established and is at work. The Tribunal consists of three arbitrators from the United States, three from Iran and three distinguished European neutral arbitrators with extensive judicial and arbitration backgrounds. State has advised that the three neutral arbitrators are all conservative, commercial, Western-oriented men who would be fair to the American claimants. Direct discussions between Iran and the United States concerning the administration of the Tribunal have been ongoing for many weeks and have been cordial and productive. The Tribunal plans to begin processing claims on October 19, 1981. At that time the parties will take up the questions of whether additional arbitrators should be appointed to expand the number of panels from three to ten.

Recent negotiations over the details of the Security Account have been held in Amsterdam over the past three weeks between the Central Bank of the Netherlands, as depository; the Central Bank of Algeria, as escrow agent (pursuant to the hostage agreements); the

DECLASSIFIED

Letter straw to LEWAND
Authority 8/22/06

BY *QJ* NARA DATE 3/20/07

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Classified By J.R. McBrien

☐ Declassify ☒ Retain for

Declassified on 7-17-87

Entire text classified

~~CONFIDENTIAL~~

- 2 -

Central Bank of Iran; and the Federal Reserve Bank of New York, the latter acting as fiscal agent for Treasury. The parties have tentatively agreed as follows: The Dutch Central Bank will hold the \$1 billion account and remit interest to Iran; when the account falls below \$500 million, Iran will replenish to the \$500 million level as required by the agreements and while the account is below \$500 million, interest will be credited to this replenishment; appropriate indemnities and immunities will be provided to the Dutch Central Bank; the Dutch Central Bank will charge a fee of \$150,000 per month probably to be split 50/50; settlements are to be paid independent of the Security Account. Under the terms of the Iranian hostage agreements, each Award by the Tribunal against Iran, in addition to being payable from the Security Account, is enforceable against Iranian assets anywhere in the world (including oil receipts in Europe and Japan). Similarly, the United States may obtain an enforceable award against Iran for any failure to replenish the account to the \$500 million level.

A question was raised as to whether the U.S. should insist that no interest from the Security Account go to Iran and delay the transfer of the assets until the question of interest could be presented to the Tribunal. Iran made this an issue of principle while reiterating its pledge in writing to replenish the account. Our negotiators are convinced that the issue is not negotiable further and that talks will break off if we insist on full interest above the \$500 million level (interest remains in the account when it is below \$500 million) and that a settlement process that Treasury and State are satisfied is advantageous could thereby become unraveled. Some of the claimants, doubting Iran's commitment to replenish the Security Account, are asking that we "hang tough" on the interest question and not make the transfer. Justice's view is that while on a strict legal basis the retention of interest in the account is defensible, there are broader policy considerations which bear on the decision.

After extensive inter-departmental reviews of the foreign policy and domestic issues and full consideration of the interests of the American claimants, the Secretary of Treasury and the Secretary of State have concurred that the transfers should not be held up on the interest issue. The considerations underlying this decision include:

- o a judgment by State that a failure to transfer at this time would undermine the existing regime (which has publicly announced that it will receive its assets on July 19) and thereby create significant further instability in Iran with increased vulnerability to Soviet expansion;

- o the view of Treasury that the benefits to U.S. claimants from the settlement mechanism as presently constituted are still highly advantageous and would be substantially lost if the process became unraveled - a real risk if transfers did not occur at this time;

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- 3 -

- o the inability of bank claimants to separately negotiate payment of their claims with Iran from a separate \$1.4 billion fund if the transfers do not occur (Algeria must approve such payments; Algeria supports Iran on the interest issue);

- o the considerable evidence of Iran's commitment to replenish the Security Account (including the written commitment of Iran's Central Bank in the agreements being negotiated) and the absence to date of substantial evidence to the contrary;

- o the ability of the United States to enforce Iran's replenishment obligation by a Tribunal award enforceable worldwide for the amount of nonreplenishment;

- o the ability of U.S. claimants to enforce the Tribunal's awards in their favor in courts anywhere in the world regardless of the amount in the Security Account;

- o a recognition of the implementation policy of the Administration as per the President's February 24 decision following extensive inter-departmental review;

- o the ability of the arbitral award process to go forward even without Iran's cooperation;

- o the fact that 2,800 claimants with a chance to be made substantially whole by the Tribunal would likely receive only a fraction of that sum if the process were to break down;

- o the possibility of successful claims against the United States for an unconstitutional "taking" from the claimants if the process were to break down;

- o the importance of reassuring foreign investors -- particularly from the Arab Gulf states -- of the safety of their assets in this country; and

- o a recognition that a decision to delay could result in harsh statements from Iran in turn hardening pressure from U.S. claimants not to transfer. This would further polarize Iran possibly leading to a complete breakdown of the settlement process while returning the Iranian issue to the front pages.

Attachments

Concurrence: Peter Constable
Department of State

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THE SECRETARY OF THE TREASURY

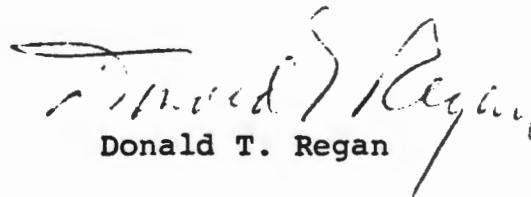
WASHINGTON

July 14, 1981

MEMORANDUM FOR THE PRESIDENT

Subject: Transfer of Iranian Assets

Pursuant to your decision of February 24, 1981, to implement the Iranian hostage agreements "strictly in accordance with their terms," the Treasury Department intends to transfer approximately \$2 billion in Iranian assets held in banks in the United States. The transfer will be to the Central Bank of the Netherlands as soon as the technical arrangements have been completed. That Bank has agreed in principle to receive the funds and to establish the Security Account to hold \$1 billion of these assets to cover awards to American claimants. The Supreme Court decision of July 2, 1981, has cleared away any legal impediments to carrying out the transfer, and such transfer is consistent with the views of the State Department that recent developments in Iran do not warrant reexamination of your decision to implement the agreements.



Donald T. Regan

cc: Secretary Haig

ASSISTANT SECRETARY OF STATE
WASHINGTON

July 14, 1981

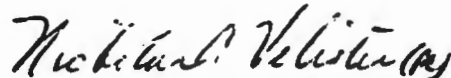
Dear Mr. Walker:

As you are aware, the President decided on February 24, 1981, that implementation of the Iranian hostage agreements "strictly in accordance with the terms" is in the interest of the United States. We therefore believe that the transfer of Iranian assets provided for under the agreements should take place by July 19 as required.

In spite of recent unsettled conditions in Iran, the authorities there have taken steps to insure continuity in the government and have given no evidence of intent to breach their own obligations under the agreements. So far, the Iranians have worked constructively with us in establishing the claims tribunal and are actively pursuing direct settlements of claims as the agreements envisage. The Supreme Court's recent decision has cleared away any legal impediments to carrying out the transfer.

The President's decision rests on a number of important considerations, including adverse foreign policy implications from a United States refusal to implement the agreements as well as recognition that the agreements provide the best opportunities for U.S. claimants to be made whole since the amount of their claims greatly exceeds Iranian assets in the United States.

Sincerely,


Nicholas A. Veliotis

The Honorable
John M. Walker, Jr.,
Assistant Secretary, designate,
(Enforcement and Operations),
Department of the Treasury,
Washington, D.C.