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File Folder IRAN-CONTRA HEARINGS - JUNE [MAY-NOVEMBER 1987] (3)

FOIA

M11-391

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
127216	MEMO	WILLIAM LYTTON TO ARTHUR CULVAHOUSE RE ANTICIPATED TESTIMONY OF EDWIN MEESE	4	7/21/1987	B6 B7(C)
127217	MEMO	LYTTON TO CULVAHOUSE RE EXPECTED TESTIMONY OF CASPAR WEINBERGER PAR 3/17/2006 F97-066/6 #46; R 4/6/2018 M391 #127217	3	7/22/1987	B1
127218	MEMO	LYTTON TO CULVAHOUSE RE 7/23/87 TESTIMONY OF GEORGE SHULTZ R 2/2/2012 F1997-066/6	4	7/23/1987	B1
127219	MEMO	LYTTON TO BAKER RE PRESIDENT'S 7/22/87 MEETING WITH SHULTZ DOCUMENT PENDING REVIEW IN ACCORDANCE WITH E.O. 13233	1	7/22/1987	
127220	MEMO	LYTTON TO CULVAHOUSE RE ANTICIPATED TESTIMONY OF SHULTZ R 5/24/2011 NLSF97-066/6 #48	5	7/22/1987	B1

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]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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WITHDRAWAL SHEET

Ronald Reagan Library

Collection: Baker, Howard H. Jr.: Files

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File Folder: Iran-Contra Hearings – June [May-November 1987]

(3)

Archivist: kdb

FOIA ID: F1997-066/6, D. Cohen

Date: 08/18/2004

DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	William Lytton to Arthur Culvahouse re anticipated testimony of Edwin Meese III, 4p	7/21/87	B6 B7c
2. memo	Lytton to Culvahouse re expected testimony of Caspar Weinberger, 3p <i>PART. 3/17/06 F97-066/6 #46</i>	7/22/87	B1
3. memo	Lytton to Culvahouse re 7/23/87 testimony of George Shultz, 4p <i>R 2/2/12 F97-066/6 #127218</i>	7/23/87	B1
4. memo	Lytton to H. Baker re President's 7/22/87 meeting w/Shultz, 1p [Item is still under review under the provisions of EO 13233]	7/22/87	
5. memo	Lytton to Culvahouse re anticipated testimony of Shultz, 5p <i>R F97-066/6 5/24/11 #48</i>	7/22/87	B1

RESTRICTIONS

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

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B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].

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B-7d Release could reasonably be expected to disclose the identity of a confidential source [(b)(7)(D) of the FOIA].

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B-7f Release could reasonably be expected to endanger the life or physical safety of any individual [(b)(7)(F) of the FOIA].

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

C. Closed in accordance with restrictions contained in donor's deed of gift.

THE WHITE HOUSE

WASHINGTON

July 28, 1987

MEMORANDUM FOR HOWARD H. BAKER, JR.
RHETT B. DAWSON
KENNETH M. DUBERSTEIN
M. MARLIN FITZWATER
THOMAS C. GRISCOM

FROM: ARTHUR B. CULVAHOUSE, JR. 
COUNSEL TO THE PRESIDENT

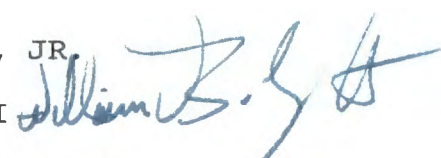
SUBJECT: Testimony of Attorney General Meese
Tuesday Morning, July 28, 1987

Attached is a summary prepared by Counsel's Office of the testimony of Attorney General Edwin Meese III at this morning's session of the Iran/Contra hearings.

Attachment

THE WHITE HOUSE
WASHINGTON

July 28, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR.
FROM: WILLIAM B. LYTTON III 
SUBJECT: TESTIMONY OF EDWIN MEESE III
JULY 28, 1987 (MORNING SESSION)

I. Overview

Meese gave an opening statement pointing out that he played three roles as Attorney General: the United States chief law enforcement officer, legal advisor to the President, and a member of the Cabinet. His exposure to the Iran-Contra matter touched on all three roles. As the President's principal legal advisor he developed over one weekend a factual overview that has been essentially validated by the past eight months of investigation.

Factual Testimony

As anticipated, Meese stated that his best recollection of his first involvement in the Iran Contra matter began on January 7, 1986. He described the proposal of the Iranian initiative as a close call, but that he approved it. He also stated that he remained unaware of the earlier shipments at that time and that he first learned of the 1985 shipments in November 1986. He believes he met one or two times later that month to discuss the initiative and eventually concurred with the advice given by Casey and Sporkin that the arms could be shipped pursuant to a Finding and that notification to Congress of that Finding could be delayed. At the time, those present at the meeting expected the release of the hostages would occur or abort within 30-60 days, and that notification would be given at that time.

Meese was pressed briefly concerning the legislative history of Section 501 of the National Security Act, and he pointed out that the length of the delay in notification had been an unsettled matter of debate in Congress.

Meese testified that he was next involved in early November 1986, as press reports became widespread. He told Charles Cooper to prepare to give legal advice on the Iran initiative. Meese attended a meeting on November 10, 1986 with several members of the NSC. He recalls that the President and the others at the

meeting were concerned that the lives of the hostages and the second channel could be jeopardized by undue disclosure, but that some public statement should be made. Meese testified that he understood negotiations were continuing with the Iranians and that, according to North, two hostages might be released that weekend. Although Meese cannot specifically recall the matters addressed in Keel's notes of the meeting, he believed that all present thought that no one should be too specific in public statements for fear of endangering the hostages and the moderate Iranians.

As time went by in November, Meese became increasingly concerned that, because the initiative was so compartmentalized, confusion existed in trying to piece together what had happened. After the President's press conference, Meese became involved in the preparation of Casey's testimony and Poindexter's congressional briefing. That night, he was advised by Charles Cooper that the State Department had certain information concerning Shultz's knowledge of the November 1985 shipment that indicated that Casey's proposed testimony was inaccurate. Meese returned the next morning from West Point, met with the President, and suggested that someone should attempt to piece the facts together. The President seemed aware of Shultz's concerns about U.S. government knowledge of the November 1985 shipment and agreed an inquiry should take place.

Meese interviewed McFarlane on November 21; Meese stressed to McFarlane that he should be sure to tell the truth and not to try to shade it to protect the President. Meese did not recall using the term "mental finding" with McFarlane or of being relieved by anything McFarlane told him.

Meese stressed that he still thought there was nothing more to the discrepancies in testimony than simple confusion.

Meese met at lunch with Cooper and Reynolds on November 22, 1986 where he was told of the diversion memo. They scheduled an interview the next day with Oliver North. He later talked to Casey and arranged a meeting with him for that evening. They met for 30-60 minutes during which Casey told Meese of his conversation with Roy Furmark. Casey might have mentioned that the Iranian investors may claim that money from the sales went to other United States and Israeli projects, but Meese did not relate this to the diversion of funds to the Contras.

The next day, Meese met with North. Meese recalls trying to exhaust North's memory concerning the Iran initiative before confronting him with the diversion memo. Meese testified that North was shocked at seeing the diversion memo. North then acknowledged to Meese that the diversion had occurred. Meese stated that North had told him repeatedly that only Poindexter, McFarlane and North knew of the diversion. Meese commented that North appeared to be forthright in his answers and that he believed what North had said. Meese also stated that, although

the diversion memo made it clear that this was not simply a confusion of testimony, it was still uncertain that any criminality had taken place.

II. The President's Knowledge

A. Diversion

Meese testified that the President first learned of the diversion on November 24, 1986, and decided immediately that Congress should be briefed and the public told.

B. Boland Amendment

Nothing to report.

C. Iran Operations

See above.

D. Third Country Aid to Contras

Nothing to report.

E. Private Support to Contras

Nothing to report.

F. November 1986 Chronologies

Meese saw a two page NSC chronology at the November 20, 1986 meeting in preparing for Casey's testimony and Poindexter's briefing. He found the chronology informative, but it led him to recognize the confusion in various officials' contemporaneous knowledge of the 1985 shipments.

III. Continuation of Hearing

Meese will resume testifying at 2:00 p.m.

THE WHITE HOUSE
WASHINGTON

July 27, 1987

MEMORANDUM FOR HOWARD H. BAKER, JR.
RHETT B. DAWSON
KENNETH M. DUBERSTEIN
M. MARLIN FITZWATER
THOMAS C. GRISCOM

FROM: ARTHUR B. CULVAHOUSE, JR. 
COUNSEL TO THE PRESIDENT

SUBJECT: Anticipated Testimony of Attorney General
Edwin Meese III on Tuesday, July 28, 1987

Attached is a summary prepared by Counsel's Office of the anticipated testimony of Attorney General Meese at the Iran/Contra hearings.

Attachment

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THE WHITE HOUSE

WASHINGTON

July 24, 1987

MEMORANDUM FOR HOWARD H. BAKER, JR.
RHETT B. DAWSON
KENNETH M. DUBERSTEIN
M. MARLIN FITZWATER
THOMAS C. GRISCOM

FROM: ARTHUR B. CULVAHOUSE, JR. 
COUNSEL TO THE PRESIDENT

SUBJECT: Anticipated Testimony of Secretary of
Defense Weinberger at the Iran/Contra Hearings

Attached is a summary prepared by Counsel's Office of the anticipated testimony of Secretary of Defense Caspar Weinberger at the Iran/Contra hearings.

Attachment

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THE WHITE HOUSE
WASHINGTON

July 22, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR.
FROM: WILLIAM B. LYTTON III *William B. Lytton III*
SUBJECT: EXPECTED TESTIMONY OF CASPAR WEINBERGER

Overview

Caspar Weinberger, Secretary of Defense, argued against the proposal to sell arms to Iran in meetings in August and December, 1985, and January, 1986. However, he was criticized by the Special Review Board for distancing himself from the march of events and for not being energetic in attempting to protect the President from the consequences of his personal commitment to freeing the hostages. Although Weinberger's opposition to the initiative is well known, he will probably be asked to restate his arguments to the President for the record, and in particular, to recount what was said in the meeting of December 7, 1985. The Committees may also inquire into the irregularities in the transfer of arms from DOD to the CIA under the Economy Act, any battlefield consequences of the arms sales to Iran, and DOD activity in Central America in indirect support of the Contras. Weinberger was unaware that any proceeds from the Iran arms sales were diverted to the Contras. (TS)

Opposition to the Iran Initiative

When the idea of providing selected military equipment to Iran surfaced in a draft NSDD dated June 11, 1985, Secretary Weinberger objected in writing to the proposal. "Under no circumstances," he wrote on July 16, 1985, "should we now ease our restriction on arms sales to Iran." He argued that a reversal of U.S. policy would likely encourage increased arms sales by other countries to Iran, and possibly alter the strategic balance in favor of Iran while Khomeini was still the controlling influence. Weinberger made his arguments vigorously in the "pajama meeting" of August 1985, and in a meeting on December 7, 1985. Among the arguments he raised against the plan were (1) the problems such sales could cause in our relationships

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with other countries; (2) the untrustworthiness of the Iranians; (3) the difficulty in maintaining secrecy given; (4) the legal requirement of Congressional notice; and (5) the potential appearance that the U.S. was willing to ransom hostages with weapons. He told the Special Review Board that, while the hostage question was discussed each time, so also was the aspect of securing a better permanent relationship with Iran and the aspect of preparing for the end of Khomeini's reign. Weinberger confesses to an "enormous antipathy to the Iranians," and he thought the proposal to sell the arms was killed on December 7, 1985. Although the President did not say much at that meeting, Weinberger received a strong impression that the President agreed with the arguments against the idea. He was irritated in January 1986 when he saw the issue was again before the President, and suspected that additional arguments had been made to the President in his absence. (TS)

In the meeting of January 7, 1986, Secretary Weinberger saw that his arguments had lost, and that the President was in favor of the initiative. Weinberger told the Special Review Board that the President had been fully aware that there were risks in this transaction. Once the President made the decision, Weinberger did not revisit the issue with him. However, from time to time thereafter Weinberger pointed out to Admiral Poindexter that all of the most dire predictions about the initiative seemed to be coming true. (TS)

Weinberger may be invited to comment on the effect of secrecy and compartmentalization at the policy-making level. Aside from his suspicion, expressed to the Special Review Board, that arguments in favor of the initiative were presented to the President in his absence, Weinberger pointed out that he did not receive the January 17, 1986 Finding until late 1986. As late as December, 1986, Weinberger complained in writing that he was not being consulted about ongoing contacts with Iranian elements. "[I]t seems to me incredibly wrong," he wrote, "that the precise mechanisms of secrecy and attempts to exclude advisors who, it is feared may have different views, which helped cause so many of our present difficulties, are apparently being pursued by the State Department at this time." (TS)

Irregularities in the Transfer of TOWs to the CIA

Weinberger insisted that any weapons transfers would have to be done under the Economy Act. From his testimony, it appears that Weinberger was not concerned with sidestepping reporting requirements to Congress when he made this recommendation, but instead wanted to make sure that DOD was paid full value for the weapons by the CIA. Notwithstanding that concern, the Army ultimately undercharged the CIA. A GAO report dated March 13, 1987 concluded that DOD acted properly in treating the transfer of arms to the CIA as an interagency transfer governed by the Economy Act, but that in pricing the TOW missiles, DOD

undercharged the CIA by \$2.1 million. DOD's involvement in the shipments to Iran ended with the sales to the CIA. (TS)

There is no evidence that the TOW's were underpriced in order to generate more proceeds that could be made available to the Contras. The requirement was for 4508 Basic TOW's to be available for sale to Iran, but the Army only had 2000 that were serviceable and ready for shipment at short notice. Therefore, the Army downgraded 2500 Improved TOW's (ITOW's) by taking off the Improved warhead and replacing it with the Basic warhead. (TS)

Out of the 2008 TOWs sold to Iran, 1508 were the cheaper Basic TOWs and 500 were downgraded ITOWs. The Army used the wrong price for the downgraded ITOW's, which resulted in most of the shortfall. The Army still has 2000 downgraded ITOW's which were never sent, and may incur additional expense to change their warheads back from the Basic TOW warhead to the ITOW warhead. (TS)

Other Possible Items of Discussion

In the NSPG meeting of May 16, 1986, Secretary Weinberger stressed that the U.S. take steps to see that a bad Contradora agreement not be signed, because Congress would have cut off aid to the Contras once any treaty were signed. Secretary Weinberger also urged that monies be found to support the Contras: "We should try every country we can find, the committees, and the people of the United States. If the Contras are out of business in July," Weinberger said, "we will have to fight there ourselves some day." He may be challenged to defend or explain his position. He may also be asked to comment on memos written by LtCol North to McFarlane that suggest that military aid to Guatemala and Honduras had been designed to entice those countries to support the Contras. (TS)

THE WHITE HOUSE

WASHINGTON

July 23, 1987

MEMORANDUM FOR HOWARD H. BAKER, JR.
RHETT B. DAWSON
KENNETH M. DUBERSTEIN
M. MARLIN FITZWATER
THOMAS C. GRISCOM

FROM: ARTHUR B. CULVAHOUSE, JR. *ABC*
COUNSEL TO THE PRESIDENT

SUBJECT: Testimony of Secretary of State Shultz
Thursday Morning, July 23, 1987

Attached is a summary prepared by Counsel's Office of the testimony of at this morning's session of the Iran/Contra hearings.

Attachment

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THE WHITE HOUSE

WASHINGTON

July 23, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR.

FROM: WILLIAM B. LYTTON III *William B. Lytton III*

SUBJECT: TESTIMONY OF GEORGE SHULTZ
JULY 23, 1987

I. Overview

Shultz testified that he was not contemporaneously informed of numerous events regarding the Iran initiative. He first learned about the January 16 Finding at a November 10, 1986, meeting of principal advisors in the Oval office (and about the other Findings even later); first learned of direct arms sales by the USG to Iran in authoritative press reports in November; first learned of the McFarlane trip to Tehran after it occurred; first learned of [Saudi] support for the Contras in a June 16, 1986, telephone call from McFarlane that came "out of the clear blue sky"; and first learned about assistance from [Taiwan] and the solicitation of [the PRC] for lethal assistance during the current hearings. (S)

According to Shultz, his desire not to be blamed for leaks (during a period in which he was opposing lie detector tests as a means to deal with the problem of leaks) led him to ask Poindexter to provide only that information about the Iran initiative that Shultz needed to know to perform his job. Shultz intended only that "operational details" be kept from him and testified it was "ridiculous" to consider his statement as a request not to be told about matters as important as those mentioned above. (U)

II. The President's Knowledge

A. Diversion

The Attorney General interviewed Shultz on November 22, at which time Shultz expressed fear that the Iran initiative would become "wrapped up" with the Contras. The source of this fear was the realization that Southern Air Transport had been involved in both efforts. (U)

B. Boland Amendment

Nothing to report.

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C. Iran Operations

Shultz attended the August 6, 1985, meeting which discussed Israeli proposals for an opening to Iran and the possibility that delivery of TOWs would lead to release of hostages. Shultz opposed this idea as a direct arms-for-hostage swap. The President listened but expressed no view. McFarlane did not subsequently inform Shultz that the President had approved the deal. (U)

Shultz (and Weinberger) again opposed the initiative at a December 7, 1985, meeting; Shultz described the President as "on the fence." Shultz said the President was very much involved in the discussion and deeply concerned with getting the hostages out, and "you could feel his sense of frustration." In response to Weinberger's comments about legal problems with arms sales, the President quipped at one point that "visiting days were Thursday" but that "the American people will never forgive me if I fail to get those hostages out over this legal question." Shultz stated that there was no tone in these comments that the President advocated violating the law and that they were merely "the kind of statement that I'm sure we all make sometimes when we are frustrated." (U)

Shultz and Weinberger again opposed the initiative at a January 7 meeting, but it was clear this time that they were the only ones in the room in opposition. The President wanted to push in the direction of arms sales. Shultz was "puzzled and distressed" but did not later seek to discuss the matter privately with President because there could have been no doubt in the President's mind of his position. (U)

Shultz testified that the President consistently disagreed that the Iran initiative constituted arms-for-hostages transactions. In Shultz's view, however, the details to the program reveal it as constituting arms-for-hostages, and Shultz's fear of this result was a major reason he opposed the program throughout. (U)

Shultz continued to voice legal objections to arms sales at a January 17 "Family Group" lunch at the White House. No one mentioned the previous day's Finding to Shultz, which Shultz testified would have mooted his legal concerns. (U)

Shultz testified that he confronted Donald Regan, when he learned during the May 1986 Tokyo Economic Summit, about a possible arms transaction involving British entrepreneur Tiny Rowlands. Regan was upset and said later the President was also upset. Poindexter told Shultz that the USG was not involved in this deal, but did not mention pending plans for the McFarlane delegation's trip to Iran. Later, when North suggested a high-level meeting to precede the McFarlane trip, Poindexter replied "I don't want a meeting with [the President], Shultz and Weinberger." (U)

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After the Attorney General's November 25 press conference, Shultz moved to use the Second Channel as an intelligence channel (rather than a policy channel), and Under Secretary Armacost and DCI Casey made an agreement to this effect. Nevertheless, the State Department was later informed that Casey had, through Donald Regan, been successful in having the President change this decision and have the second channel continue to be used for "policy" purposes. Shultz criticized Casey for appealing to the President to renege on the agreement he had reached with the State Department. (U)

Shultz learned about the so-called Nine-Point Plan on December 13, 1986, and immediately contacted the President about it, to discuss, most importantly, the provision concerning the DaWa prisoners. Shultz described the President as "astonished" when he learned about this, and said, "I have never seen him [the President] so mad." (U)

D. Third Country Aid to Contras

Shultz advised at a June 25, 1984, NSPG meeting, that a formal Attorney General opinion should be obtained before soliciting third countries. McFarlane agreed at that meeting not to solicit pending obtaining that opinion, but Shultz was not told during this time that McFarlane had already been meeting with [Saudi] officials in connection with a possible contribution. (S)

E. Private Support to Contras

Nothing to report.

F. November 1986 Chronologies

Shultz became concerned that the President's advisers were misleading him about the initiative and were seeking to use his skills as a communicator to bail them out. In Shultz's view, he was the one who remained loyal to the President because he was battling to make sure the President had the facts. (Shultz testified that Poindexter and Casey were "on the other side" in this battle). Shultz explained that his televised comment on November 15 that he was not speaking for the Administration when he said there should be no more arms sales resulted from his inability to clear that position with the White House the previous day. (U)

Shultz met with the President before his November 19 news conference and said the President was not being furnished the information he needed. Shultz argued it was dangerous to say the operation had not involved arms for hostages, and mentioned specifically McFarlane's statements in November 1985 about arms that would be shipped to Iran to effect release of the hostages. The President said he had known about that. (U)

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Shultz called the President after the press conference and said, although the conference was courageous, many statements had been wrong or misleading. He had a "long and tough" meeting with the President the next day reviewing the statements made. Shultz testified that the President firmly had in his mind that he had authorized an effort to get an opening to Iran, and that arms and hostages were ancillary to that effort. Shultz again expressed concern that the President's advisers were ill-serving him. (U)

III. Continuation of Hearing

Shultz will resume testifying at 2:30 p.m.

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THE WHITE HOUSE

WASHINGTON

July 22, 1987

MEMORANDUM FOR HOWARD H. BAKER, JR.
CHIEF OF STAFF TO THE PRESIDENT

FROM: WILLIAM B. LYTTON III *William B. Lytton*
DEPUTY SPECIAL COUNSELLOR TO THE PRESIDENT

SUBJECT: The President's Meeting with
Secretary of State George Shultz,
Wednesday, July 22, 1987, 1:30 p.m.

1. Secretary Shultz will testify before the Select Committees tomorrow and Friday.
2. Secretary Shultz could be asked whether he has discussed with the President or anyone else at the White House his testimony or the events under investigation.
3. Any discussion today between the President and Secretary Shultz about his testimony or those events could be inaccurately construed as an attempt to "get their stories straight".
4. Therefore, the President should not raise with Secretary Shultz the facts about which Secretary Shultz will testify.
5. If Secretary Shultz raises the issue, the President should not compare his recollection of events to that of Secretary Shultz.
6. At most, the President should limit his comments to his belief that Secretary Shultz will do his best to testify as truthfully and accurately as possible.

THE WHITE HOUSE
WASHINGTON

July 22, 1987

MEMORANDUM FOR HOWARD H. BAKER, JR.
RHETT B. DAWSON
KENNETH M. DUBERSTEIN
M. MARLIN FITZWATER
THOMAS C. GRISCOM

FROM: ARTHUR B. CULVAHOUSE, JR. 
COUNSEL TO THE PRESIDENT

SUBJECT: Anticipated Testimony
of Secretary of State George Shultz,
July 23-24, 1987

Attached is a memorandum prepared by Counsel's office
of the anticipated testimony of Secretary of State George
Shultz at the Iran/Contra hearings on July 23-24, 1987.

Attachment

THE WHITE HOUSE
WASHINGTON

July 22, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR.
FROM: WILLIAM B. LYTTON III *William B. Lytton*
SUBJECT: ANTICIPATED TESTIMONY OF GEORGE SHULTZ

Secretary Shultz is scheduled to testify on July 23-24. He will be questioned about his opposition to the Iran initiative and whether the NSC misled him about it at key points. He will also be questioned about support for the Nicaraguan Democratic Resistance during the Boland prohibitions.

I. Iran Initiative

(A) Background

Shultz will testify about the importance of Iran to USG overall strategic interests, USG interests in ending the Iran-Iraq war, efforts to persuade other nations to cease selling arms to Iran (Operation Staunch), differences between Israeli and American interests with respect to Iran, and the policy against making concessions to hostage-takers.

(B) Shultz's Role in the Initiative

The Tower Board criticized Shultz for distancing himself from the issues raised by the Iran initiative rather than energetically "attempting to protect the President from the consequences of his personal commitment to freeing the hostages." In this connection, Admiral Poindexter testified last week that Shultz requested to be informed only as necessary to do his job. Shultz conceded to the Tower Board that this request was probably a mistake because it was taken as "license to proceed without telling me anything," but that he nevertheless consistently opposed selling arms to Iran. The President stated last March 14 that Shultz (and Defense Secretary Weinberger) strongly advised against the initiative and thus "discharged their responsibilities as my advisers and my subordinates."

(C) Shultz's Version of Events

In his interview with the Tower Board, Shultz divided his knowledge of, and participation in, the Iran initiative into three periods:

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BY RW NARA DATE 5/24/11

(i) June - November 1985

Shultz told the Tower Board that there were debates during this period whether to transfer arms as part of an effort to improve relations with Iran and secure the release of the U.S. hostages in Iran. He learned of two proposed arms sales during this period, but was not informed that either was consummated.

Shultz opposed the suggestion of arms sales in commenting on a draft NSDD in June, but agreed that McFarlane should "make a tentative show of interest without commitment" when the Israelis raised the possibility in July of an initiative involving arms, hostages and a strategic opening. Shultz strongly opposed sales of arms to Iran in an August 6 meeting with the President and his top advisers. Shultz knew that McFarlane thereafter continued to pursue the initiative, but "assumed this was on the basis we had discussed, with no commitments."

In November, while in Geneva for the Soviet summit, McFarlane informed Shultz that the release of four hostages was imminent and that Israel would ship 100 HAWK missiles to Iran. Shultz complained that he had been informed so late that it was impossible to stop the operation, but expressed his hope that the hostages would be released.

(ii) December 1985 - May 1986

Shultz told the Tower Board that he had "strong evidence" during this period that we were trying to open a dialogue with Iran but were unwilling to sell arms. After the November HAWK shipment fell apart, in anticipation of the December 7 top-level meeting with the President, Poindexter briefed Shultz about the history of the Iran initiative. Poindexter stated that the project's emphasis was on relations with post-Khomeini Iran rather than on hostages, and that weapons were being discussed. (Shultz also learned that the November transaction had unravelled because Iran rejected a shipment of HAWKS). According to Shultz, he became aware that NSC people took credit for the September release of Reverend Weir, but was not convinced that Weir's release was something other than it appeared on the surface.

At the December 7 meeting, Shultz argued that the operation should be stopped lest we signal that Iran "can kidnap people for profit." The President remained non-committal during this meeting, and the decision was made to send McFarlane to London. Privately, Poindexter told Shultz that he had recommended disengaging, but that the President did not want to.

Shultz learned from his staff on December 10 that the Iranians had rejected McFarlane's proposal in London to proceed

without including arms and that the operation "was completely turned off." Poindexter told Shultz in January that Amiram Nir had attempted to revive the initiative through a plan calling for release of Hezbollah prisoners held in southern Lebanon and shipment of 3000 TOWs in exchange for the American hostages. Shultz again vigorously opposed arms sales in a January 7 meeting with the President. Shultz received reports on January 22, which he considered implausible, about a possible exchange of Shiite prisoners in Lebanon for the American hostages. Shultz heard nothing about the January 17 Finding or anything else of substance until, on February 28, Poindexter informed him that a hostage release was imminent, and that the Iranians sought a high-level dialogue for which McFarlane would travel to Frankfurt. Shultz recommended giving McFarlane instructions to govern his talks, and Poindexter in the next few days showed him "terms of reference" that did not mention arms sales. On March 11, however, Poindexter told Shultz that the arrangement had fallen through.

(iii) May - November 1986

Shultz told the Tower Board that he received no information from the White House during this period that an arms transfer had occurred. Shultz complained to Poindexter after learning on May 3 from Ambassador Price in London about an arms deal involving British entrepreneur Tiny Rowlands. Poindexter responded to Shultz that this "was not our deal" and told Ambassador Price that there was no more than a "smidgeon" of reality to the report. Poindexter and DCI Casey soon thereafter told Shultz "that the operation had ended and the people involved had been told to 'stand down.'" In the following months, Shultz heard intermittent rumors, but nothing official, that the operation may have resumed.

On November 4, when the press reported McFarlane's trip to Tehran, Shultz recommended to Poindexter that the Administration make the facts public "right away." Later in November, Shultz's insistence that the the USG had known contemporaneously that the November 1985 shipment contained HAWKS led to the decision that Attorney General Meese should conduct a factfinding inquiry.

When a State Department representative attended a December 13 meeting with Iranian representatives, Shultz learned that the Iranians had been offered assistance in connection with the Da'wa prisoners in Kuwait as part of a nine-point plan discussed in October. Shultz described the President as "stricken" when notified of this.

II. Support for the Nicaraguan Democratic Resistance

Shultz was unaware of the diversion of funds from the Iran arms sales to the Contras, but will likely be questioned about his knowledge of other efforts to assist them.

A. Relationship with Oliver North

Shultz will likely be questioned about Olivier North's testimony that Shultz congratulated him for support of the Contras at a September 1986 reception and that this reflected Shultz's knowledge of North's activities. Shultz will also be questioned about his instruction in September 1985 for Assistant Secretary Abrams to "monitor Ollie" and whether Shultz later followed up that instruction.

B. Third Country Solicitation

Shultz strenuously opposed soliciting third countries to assist the Contras at a June 25, 1984, NSPG meeting, arguing that the USG "may raise and spend funds only through an appropriation of the Congress." Committee members may cite these remarks in an attempt to elicit criticism from Shultz of the Administration's approach to fundraising for the Contras during the Boland prohibitions.

Shultz was unaware of the Saudi contribution to the Contras until informed by McFarlane in June 1986. McFarlane testified that he told Shultz in 1984 that the Contra funding problem "had been provided for through the end of the year." McFarlane could not recall whether he told Shultz that a third country had provided assistance and Shultz did not press the matter. Shultz may be questioned whether he chose not to know.

Shultz advocated solicitation in a May 16, 1986, NSPG meeting under the State Department's authority to solicit humanitarian assistance contained in the FY-86 Intelligence Authorization Act. He ultimately authorized Elliott Abrams to solicit an official of the Government of Brunei. Shultz will likely be questioned about Abrams' assertions that he withheld information about this solicitation during a Senate Intelligence Committee briefing because he lacked authority to discuss it, and that he sought authorization from Shultz to discuss the matter quickly after that briefing.

C. Knowledge of the Hasenfus Flight

Like numerous other Administration officials, Shultz initially denied any USG connection with the Hasenfus flight. Shultz will likely be questioned about the information upon which he based these denials, and also about Elliott Abrams' testimony that he raised the issue with Shultz promptly upon learning that there was USG involvement.

D. Other Activities in Support of the Contras

Shultz may be questioned about what was reported to him regarding a variety of other Contra support activities in which

North was involved. The topics may include Ambassador Tambs' involvement in helping to "open the southern front" and the construction (and later the closing) of the Santa Elena airstrip in Costa Rica; General Singlaub's agreement for the "United States" to provide military equipment and training in exchange for Eden Pastora's moving his troops into Nicaragua; Singlaub's discussions with Elliott Abrams concerning solicitation of Taiwan and South Korea in the spring of 1986; the use, with the U.S. Embassy's possible knowledge of Ilopango air base in El Salvador as a resupply staging area; and whether the use of emergency funding to support Honduras after a March 1986 Nicaraguan incursion into Honduran territory amounted to indirect military aid for the Contras.

Additional questioning may probe Elliott Abrams' credibility and Shultz's decision to support Abrams despite recent Congressional criticism of his role.

THE WHITE HOUSE

WASHINGTON

July 21, 1987

MEMORANDUM FOR HOWARD H. BAKER, JR.
RHETT B. DAWSON
KENNETH M. DUBERSTEIN
M. MARLIN FITZWATER
THOMAS C. GRISCOM

FROM: ARTHUR B. CULVAHOUSE, JR. 
COUNSEL TO THE PRESIDENT

SUBJECT: Testimony of Rear Admiral John Poindexter
Tuesday Morning, July 21, 1987

Attached is a summary prepared by Counsel's Office of the testimony of Admiral John Poindexter at this morning's session of the Iran/Contra hearings.

Attachment

THE WHITE HOUSE

WASHINGTON

July 20, 1987

MEMORANDUM FOR HOWARD H. BAKER, JR.
RHETT B. DAWSON
KENNETH M. DUBERSTEIN
M. MARLIN FITZWATER
THOMAS C. GRISCOM

FROM: ARTHUR B. CULVAHOUSE, JR.
COUNSEL TO THE PRESIDENT



SUBJECT: Testimony of Rear Admiral John Poindexter
Monday Morning, July 20, 1987

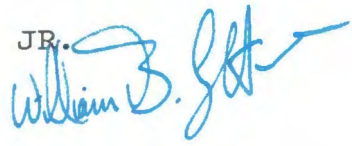
Attached is a summary prepared by Counsel's Office of the testimony of Admiral John Poindexter at this morning's session of the Iran/Contra hearings.

Attachment

THE WHITE HOUSE

WASHINGTON

July 21, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR. 
FROM: WILLIAM B. LYTTON III
SUBJECT: TESTIMONY OF ADMIRAL JOHN POINDEXTER
JULY 21, 1987 (MORNING SESSION)

I. Overview

The testimony of Admiral Poindexter continued this morning with questioning and statements by various members of the Committees.

On questioning by Representative McCollum, Poindexter testified that it is safe to assume that, during the period Poindexter was National Security Advisor, Donald Regan knew everything about the Iran initiative and Contra resupply effort that the President knew.

Senator Nunn asked Poindexter about a November 20, 1985 interview of the President by Reverend Pat Robertson in which Robertson asked the President whether it was true that a White House staff member had been recently dispatched to Iran to try to gain release of the hostages. Poindexter was unaware of the interview.

Nunn also asked Poindexter about his lunch with DCI Casey on Saturday, November 22, 1986. Poindexter could not recall North being there. He stated that he was sure that diversion was not discussed; he also testified that he was unaware Casey knew of diversion. He cannot specifically recall the topic of conversation, but said he thinks much of the luncheon was devoted to Casey debriefing Poindexter on Casey's Congressional appearances the previous day.

Poindexter reiterated that he does not recall McFarlane ever saying that the Boland Amendment applied to the NSC.

II. The President's Knowledge

A. Diversion

Poindexter testified that when he submitted his resignation to the President on November 25, 1986, the President

did not ask Poindexter whether he had authorized the diversion and did not express displeasure about not being told of the diversion.

Poindexter testified that he does not think Casey told the President about diversion.

B. Boland Amendment

Nothing to report.

C. Iran Operations

Nothing to report.

D. Third Country Aid to Contras

Nothing to report.

E. Private Support to Contras

Nothing to report.

F. November 1986 Chronologies

Nothing to report.

III. Continuation of Hearing

The questioning of Admiral Poindexter will continue at 2:00 p.m. and is expected to conclude this afternoon. Chairman Hamilton announced that the Committees will be in recess tomorrow and will hear the testimony of Secretary Schultz on Thursday and Friday. The hearings will resume on Tuesday, July 28. The remaining witnesses are expected to be Attorney General Meese, Donald Regan and Secretary Weinberger.

THE WHITE HOUSE

WASHINGTON

July 20, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR. 
FROM: WILLIAM B. LYTTON III
SUBJECT: SUMMARY OF TESTIMONY OF ADMIRAL JOHN POINDEXTER
JULY 20, 1987 (MORNING SESSION)

I. Overview

Much of this morning's questioning of Admiral Poindexter amounted to a rehash of parts of his prior testimony. At one point, Senator William Cohen (R-Maine) asked Poindexter if he would be willing in executive session to describe other ongoing NSC-sponsored covert operations about which the President had withheld notification and to detail other instances of covert operations for which retroactive findings had been prepared. This issue was left unresolved.

After lengthy examination by Rep. Thomas Foley (D-Wash.), Poindexter finally conceded that, stripped to its essentials, the attempt to establish bona fides with the Iranians resulted in a trade of "arms for hostages."

Speaking to the Boland Amendment, Rep. Dick Cheney (R-Wyoming) offered his view that it did not apply to either the President or his staff. He complained that he along with some other Administration supporters were undermined by incorrect White House guidance supplied to them in the wake of the initial disclosures of the Iran initiative. He also offered his conclusion that whatever might be said about misleading Congress, it was ultimately "stupid" for an administration to do so.

II. The President's Involvement

A. Diversion

Admiral Poindexter reiterated that he did not inform the President of the diversion to protect him. He described the diversion as a mere "technical aspect" of the Iran operation rather than a substantive decision. He said that the President's current credibility on this issue, which he rates as high, "was part of my plan." He further stated that he never asked North to be the "fall guy" and also never discussed the operation's plausible deniability with anyone. On Senator Baker's statement

that the President would not have approved the diversion, Poindexter stated simply that the contradiction of this position with his own would have to stand.

B. Boland Amendment

Admiral Poindexter testified that in briefing the President on his (Poindexter's) trip to Central America in December 1985, he told the President of the Santa Elena airstrip in Costa Rica being built to recover private aircraft involved in Contra resupply. Although his primary purpose in briefing the President on this matter was to demonstrate the high degree of Costa Rican cooperation, he did not believe that he told the President of any of the details of either Ambassador Tambs' or LtCol North's involvement in securing Costa Rican cooperation in the effort. Poindexter did acknowledge that the President had not been left with the impression that the effort on the airstrip was purely private. He did not recall covering with the President North's request of General Secord to manage the resupply effort. Poindexter recalled having been advised by North that a photo-album on the Contra aerial resupply effort was available for the President to peruse, but Poindexter neither saw it himself nor showed it to the President.

C. Iran Operation

Admiral Poindexter reaffirmed that the President had approved the so-called "nine point plan" worked out with the second channel which provided for sequential release of hostages and deliveries of arms to Iran, but stated that the briefing of this issue to the President, which was conducted during the 1986 campaign, was "probably...very short." When the Iran arms sales started to become exposed, Poindexter testified that the President felt that the Administration had to "continue to withhold as much as possible" to attempt to keep the ongoing initiative to Iran intact notwithstanding the prior disclosures.

D. Third Country Aid to Contras

Nothing to report.

E. Private Support to Contras

Admiral Poindexter testified that he did not recall telling the President specifically about the NSC's coordination of private Contra support efforts, but stated that the President knew North was the chief liaison with the Contra leadership. He testified unequivocally that the President was unaware of North's efforts to get the Contra leadership in touch with David Walker, the former British SAS officer. When asked whether the President authorized North's support of the aerial Contra resupply operation, Poindexter stated that the President's authorization of it was "not that specific."

III. Continuation of the Hearings

Examination of Admiral Poindexter will continue at 2:00
p.m.