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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name BAKER, HOWARD: FILES

Withdrawer

CAS 1/4/2012

File Folder IRAN-CONTRA HEARINGS - JUNE [MAY-NOVEMBER 1987] (5)

FOIA

M11-391

Box Number 3

BYRNE

6

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
127224	MEMO	WILLIAM LYTTON TO ARTHUR CULVAHOUSE RE ANTICIPATED TESTIMONY OF STANLEY SPORKIN R 10/28/2010 NLSF97-066/6 #52	3	6/22/1987	B1
127225	MEMO	LYTTON TO CULVAHOUSE RE ANTICIPATED TESTIMONY OF HENRY GAFFNEY R 10/28/2010 NLSF97-066/6 #53	2	6/22/1987	B1
127226	NOTE	GAFFNEY NOTE FOR THE RECORD, PHOTOCOPIED ONTO FIRST PAGE OF TALKING POINTS PAR 11/15/2012 M391/1	1	12/12/1986	B1
127227	POINT PAPER	RE HAWK MISSILES R 3/17/2006 NLSF97-066/6 #55	2	ND	B1
127228	MEMO	LYTTON TO CULVAHOUSE RE ELLIOTT ABRAMS TESTIMONY R 5/24/2011 NLSF97-066/6 #56	3	6/2/1987	B1
127229	MEMO	LYTTON TO CULVAHOUSE RE EXPECTED TESTIMONY OF JOSEPH FERNANDEZ (AKA TOMAS CASTILLO) R 10/28/2010 NLSF97-066/6 #57	3	5/28/1987	B1
127230	MEMO	LYTTON TO CULVAHOUSE RE ANTICIPATED TESTIMONY OF ABRAMS R 9/6/2018 M391/1	5	5/28/1987	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 Name BAKER, HOWARD: FILES

Withdrawer

CAS 1/4/2012

File Folder IRAN-CONTRA HEARINGS - JUNE [MAY-NOVEMBER
1987] (5)

FOIA

M11-391

Box Number 3

BYRNE

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
127231	MEMO	LYTTON TO CULVAHOUSE RE AMB LEWIS TAMBS <i>R 9/6/2018 M391/1</i>	3	5/28/1987	B1

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

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

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WITHDRAWAL SHEET

Ronald Reagan Library

Collection: Baker, Howard H. Jr.: Files

OA/Box: Box 3

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

(5)

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 Stanley Sporkin, 3p <i>R 10/28/10 F97-066/6 #52</i>	6/22/87	B1
2. memo	Lytton to Culvahouse re anticipated testimony of Henry Gaffney, 2p <i>R 10/28/10 F97-066/6 #53</i>	6/22/87	B1
3. note	Gaffney memo for the record, photocopied onto first page of talking points, 1p	12/12/86	B1
4. point paper	re HAWK missiles, 2p <i>R 3/17/06 F97-066/6 #55</i>	n.d.	B1
5. memo	Lytton to Culvahouse re Elliott Abrams testimony, 3p <i>R 5/24/11 F97-066/6 #56</i>	6/2/87	B1
6. memo	Lytton to Culvahouse re expected testimony of Joseph Fernandez (aka Tomas Castillo), 3p <i>R 10/28/10 F97-066/6 #57</i>	5/28/87	B1
7. memo	Lytton to Culvahouse re anticipated testimony of Abrams, 5p	5/28/87	B1
8. memo	Lytton to Culvahouse re Amb. Lewis Tambs, 3p	5/28/87	B1

RESTRICTIONS

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

B-2 Release could 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 commercial 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-7a Release could reasonably be expected to interfere with enforcement proceedings [(b)(7)(A) of the FOIA].

B-7b Release would deprive an individual of the right to a fair trial or impartial adjudication [(b)(7)(B) of the FOIA].

B-7c Release could reasonably be expected to cause unwarranted invasion or privacy [(b)(7)(C) of the FOIA].

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

B-7e Release would disclose techniques or procedures for law enforcement investigations or prosecutions or would disclose guidelines which could reasonably be expected to risk circumvention of the law [(b)(7)(E) of the FOIA].

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.

PENDING REVIEW IN ACCORDANCE WITH E.O. 13233

Ronald Reagan Library

Collection Name BAKER, HOWARD: FILES

Withdrawer

SMF 4/24/2002

File Folder IRAN-CONTRA HEARINGS-JUNE [MAY-NOVEMBER
1987] (5)

FOIA

F97-066/6

Box Number 3

ID	Doc Type	Document Description	No of Pages	Doc Date
4	PAPER	POINT PAPER RE HAWK MISSILES (F97-066/6 #55) 5/20/09 <i>ewj</i>	2	ND

THE WHITE HOUSE

WASHINGTON

June 22, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR.

FROM: WILLIAM B. LYTTON III *W*

SUBJECT: Anticipated Testimony of the Honorable
Stanley J. Sporkin

Judge Stanley J. Sporkin (D.D.C.) served as General Counsel of the Central Intelligence Agency from May 1981 to February 1986. He is expected to testify before the Select Committee on Tuesday, June 22, 1987. We expect him to be questioned on requirements for findings under the so-called Hughes-Ryan Amendment (sec. 662 of the Foreign Assistance Act of 1961, 22 U.S.C. sec. 2422). In particular, issues on which we know he had personal involvement include:

-- whether a finding was required for the assistance tendered the Israelis for the November 1985 shipment of Hawks;

-- if so, whether a retroactive finding would satisfy statutory requirements;

-- the purpose of changes he proposed to the draft finding dated January 6, 1986, before a final copy was signed by the President on January 17, 1986; and

-- why the Congress was not notified of the January 17 finding.

He may also be asked to provide his views on whether a finding should have been made for efforts by the Drug Enforcement Agency to free the hostages in 1985-86. In the view of some, this plan was the equivalent of an "intelligence activity" and Congress should have been notified.

Finally, he may be asked to provide his views on the CIA's interpretation of and compliance with the applicable Boland Amendments.

DECLASSIFIED
NLRR F97-0166/16 #52
BY RW NARA DATE 10/28/10

The Legal Framework. The Hughes-Ryan Amendment provides in part:

No funds appropriated under the authority of this 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 501 of the National Security Act of 1947.

Section 501(b) provides in part that where prior notice of covert actions is not given to the intelligence committees, the President

shall fully inform the intelligence activities in a timely fashion of intelligence operations in foreign countries, other than activities intended solely for obtaining necessary intelligence, for which prior notice was not given under subsection (a) and shall provide a statement of the reasons for not giving prior notice.

E.O. 12333 renders these requirements applicable to any entity that conducts "special activities," a category of intelligence activities. NSDD 159 set forth procedures regarding implementation of these provisions, as well as for review of covert actions.

The draft November 1985 finding. In November 1985, the Israelis encountered difficulties in securing flight clearance from Portugal for a shipment of HAWKS intended for Tehran. At North's request, Richard Secord provided transportation using a CIA proprietary. Then Deputy Director John McMahon wrote on December 7, 1985 that he "went through the roof" because the mission was executed without a finding. Sporkin was directed to prepare a finding to "cover retroactively the use of the Agency's proprietary." Sporkin prepared a draft, never signed, which included the statement:

Because of the extreme sensitivity of these operations, in the exercise of the President's constitutional authorities, I direct the Director of Central Intelligence not to brief the Congress of the United States. . .until such time as I may direct otherwise. . .

The January 1986 findings. On January 3, Sporkin carried a draft finding to North. His draft offered a choice between prompt or postponed notification to Congress. The finding stated in part:

The USG will act to facilitate efforts by third parties and third countries to establish contact with moderate elements within and outside the Government of Iran by providing these elements in their effort to achieve a more pro-U.S. government in Iran by demonstrating their ability to obtain requisite resources to defend their country against Iraq and intervention by the Soviet Union.

The President inadvertently signed the draft, dated January 6, 1986. Sporkin again reviewed it, and made the one change underscored below:

DESCRIPTION (Assist selected friendly foreign liaison services, third countries, and third parties which have established relationships with Iranian elements, groups and individuals.)

The President signed it on January 17, 1986.

The DEA venture. As described in a memorandum of June 7, 1985 by North to McFarlane, North undertook a rescue operation involving two DEA agents, funds "normally available to the Nicaraguan resistance," \$2 million from Ross Perot, and -- according to Senator Paul Tribble -- about \$60,000 in CIA funds. The efforts culminated in late May 1986, when Thomas Clines boarded a ship in Cyprus bound for Lebanon to receive the hostages who were supposed to have been rescued. If Tribble is correct that CIA funding was involved, then Sporkin will be pressed on why no finding was made. We have no indication that Sporkin knew of the activity.

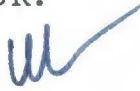
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THE WHITE HOUSE

WASHINGTON

June 22, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR.

FROM: WILLIAM B. LYTTON III 

SUBJECT: ANTICIPATED TESTIMONY OF DR. HENRY H. GAFFNEY

Biographical Sketch:

Henry (Hank) Gaffney is expected to testify before the Select Committees as early as tomorrow. He is presently Director of the Plans Directorate of the Defense Security Assistance Agency (DSAA) and has held that position since August 1981. Before this, he was Director of the Near East/South Asia Region within the Office of the Assistant Secretary of Defense (International Security Affairs) and has been employed by the Office of the Secretary of Defense since 1962. Gaffney received his Ph.D. from Columbia University in Government and his A.B. from Harvard University.

Expected Testimony:

Gaffney will probably be questioned on a memo he prepared in November 1985 entitled, "HAWK Missiles for Iran" (copy attached). According to a Gaffney Memorandum for the Record (MFR) dated December 12, 1986, this memo was prepared by him, as then-Acting Director, DSAA, on or after November 19, 1985, at the request of Noel Koch (then-Principal Deputy Assistant Secretary of Defense (ISA)) and General Collin Powell (then military assistant to the Secretary of Defense). According to his MFR, copies of his memo were provided Koch to deliver to General Powell.

In his memo, Gaffney identifies the number of HAWKS available for foreign sale, the expected cost and from which countries (South Korea, United Arab Emirates (UAE)) HAWKS must be diverted in order to supply HAWKS to Iran.

Gaffney also outlines legal problems associated with a sale of HAWKS to Iran. First, he states that Iran is not certified for sales pursuant to Section 3 of the Arms Export Control Act. Second, he notes that Congress must be notified of all sales of \$14 million or more. Third, he emphasizes that Congress must be notified even if the missiles are "laundered" (his term) through

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UPON REMOVAL OF ATTACHMENT.

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KJ
MAY 1990 DATE 10/20/90

Israel. Gaffney also points out ways to evade Congressional notice though he cautions against taking such measures without consulting Senator Lugar, Congressman Fascell and their minority counterparts.

In addition, Gaffney outlines what he considers "formidable" political drawbacks, including the reaction of our European allies and other Middle Eastern nations. Of note, he predicts that a sale of this sort could very well prolong and intensify the Iran-Iraq war.

The Committees may place considerable weight on his testimony because, even though not an attorney, Gaffney has long experience with Near East/South Asia issues and with the Arms Export Control Act.

Attachment: As stated

87-TF-0065

DEFENSE SECURITY ASSISTANCE AGENCY

12 Dec 86Memo For Record

The attached talking points were prepared by me, as Acting Director, DSAA, on or after 19 November 1985, at the request of Noel Koch and Gen. Colin Powell (then Mil. Asst. to SecDef). They were furnished to Mr. Koch to take to Gen. Powell.




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U.O. 12756
Amended
Sec. 3.3b(1)-(9)



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NLR 111-391 #127224

BY RW NARA DATE 11/15/12

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87-TF-0065

Hawk Missiles for Iran

- Missiles are available right now, suitable for foreign sale. There are 164 missiles at Red River Arsenal - 77 intended for UAE and 87 for Korea. Seven of these are intended for tests, but the tests can be foregone.
- The missiles at Red River Arsenal cost \$300,000 apiece. This is not necessarily a firm price, and replacements could cost as much as \$437,700 apiece.
- Thus, the total bill for 120 missiles would be \$36-52.5 million. To this, applicable charges would have to be added (NRC cost, administration charge, packing and transport charges, plus storage).
- The missiles for Korea and UAE would have to be replaced, so DSAA will need the money to replace them.
- The modalities for sale to Iran present formidable difficulties:
 - Iran is not currently certified for sales, including indirectly as a third country, per Sec. 3 of the AECA.
 - Congress must be notified of all sales of \$14 million or more, whether it is a direct sale or indirect to a third country. The notice must be unclassified (except for some details), and the sale cannot take place until 30 days after the notice. The 30 days can be waived for direct sales, but the third country transfer has no such provision, and notice must still be given in any case.
 - Thus, even if the missiles were laundered through Israel, Congress would have to be notified.
- It is conceivable that the sale could be broken into 3 or 4 packages, in order to evade Congressional notice.
 - While there is no explicit injunction against splitting up such a sale (subject to check...), the spirit and the practice of the law is against that, and all Administration have observed this scrupulously.
 - It is conceivable that, upon satisfactory consultation with Chairmen Lugar and Fasel and their minority counterparts, they might agree to splitting the sale into smaller packages.
- The customer countries (UAE and Korea) would have to be told that their deliveries had been rescheduled, but we would not have to tell them why. We would not want to charge them more for later deliveries.

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The political drawbacks are equally formidable:

- If Iraq ever found out, they would be greatly irritated. Their sources of supply are more readily accessible than Iran's, however, so there would be no effect in that respect.
- Saudi Arabia and the other Gulf States would also be irritated and alarmed.
- If Israel were used as the laundering country, they would be greatly encouraged to continue selling to Iran, and to expand their sales.
- If the sale became known, all bars would be removed from sales by such countries as Spain, Portugal, Greece, UK, Italy, and FRG, countries who are only barely restrained from overt, large sales to Iran now.
- In short, the risk is that of prolonging and intensifying the Iran-Iraq war, while seriously compromising US influence over Israel and other countries to restrain sales to Iran.

87-TF-0065

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THE WHITE HOUSE

WASHINGTON

June 5, 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 Albert Hakim - June 5, 1987

Attached is a summary prepared by Counsel's office of the testimony of Albert Hakim, during this morning's session of the Iran/Contra hearings.

THE WHITE HOUSE

WASHINGTON

June 5, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR.

FROM: WILLIAM B. LYTTON III *WL*

SUBJECT: TESTIMONY OF ALBERT HAKIM
JUNE 5, 1987 (MORNING SESSION)

I. Overview

Senate Counsel Arthur Liman probed the business relationship between Richard Secord and Hakim. Secord benefitted financially from the enterprise, at one point withdrawing monies from the Korel account to purchase a Porsche automobile and a Piper Seneca plane. Secord also directed Hakim to invest the enterprise's funds in various business ventures, including timber and machine gun manufacturing.

Sen. McClure characterized as "incredible" Hakim's account of his efforts to transfer funds to the North family through Willard Zucker and concluded that Hakim intended to "compromise" LtCol North. Rep. DeWine suggested that Hakim wanted to have North "in his hip pocket." Hakim said such characterizations ignored his human attachment to North.

Hakim clarified for Sen. Sarbanes that he built up the reserves of the enterprise and created companies in anticipation of conducting further operations, including a possible operation in Africa. Hakim repeated earlier testimony that he felt under pressure by North to secure a release of the hostages before the November 1986 elections. Hakim suggested that North accepted a compromise provision on hostage release (one hostage with best efforts for a second rather than all the hostages) because of political concerns.

II. The President's Involvement

A. Diversion

Hakim clarified for Sen. McClure that he had no personal knowledge of the President's awareness or approval of his activities in the Contra operation.

B. Boland Amendment

Nothing to report.

C. Iran Operations

During an October 1986 meeting in Germany with a high-ranking Iranian official - the Second Channel - Secord boasted about the U.S. "fighting the Russians" in Iran and "cooperating to depose the leader of Iraq." Hakim said he did not question the legitimacy of these statements because it was his impression that the President was supporting the mission and it had been cleared by him. Hakim recalled it was the attitude of the entire U.S. delegation - Secord, LtCol North, Cave (CIA) - that the U.S. would cooperate to depose the leader of Iraq.

Rep. Jenkins dubbed the "9-Point" agreement negotiated by Hakim with the Second Channel as the "Hakim Accords, and was critical of Hakim, a private citizen without a security clearance and with a personal financial interest in the agreement, conducting foreign policy. Jenkins assumed that North sought approval of the "9-Point" agreement from Poindexter and the President.

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

Hakim will continue his testimony in the afternoon session. Fawn Hall is expected to testify on Monday, June 8, 1987.

THE WHITE HOUSE
WASHINGTON

June 2, 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 Elliott Abrams
June 2, 1987

Attached is a summary prepared by Counsel's office of the testimony of Elliott Abrams, Assistant Secretary of State for Inter-American Affairs, at this morning's Iran/Contra Hearings.

Attachment

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White House Guidelines, August 28, 1997

By COB NARA, Date 8/24/01

THE WHITE HOUSE

WASHINGTON

May 28, 1987

JHS

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 Joseph Fernandez

Attached is a summary prepared by Counsel's office of the anticipated testimony of Joseph Fernandez, former CIA Chief of Station in Costa Rica (aka Thomas Castillo), who will testify tomorrow at the Iran/Contra hearings. ~~(TS)~~

Attachment

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THE WHITE HOUSE

WASHINGTON

June 2, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR.

FROM: WILLIAM B. LYTTON III *W*
SUBJECT: TESTIMONY OF ELLIOTT ABRAMS
JUNE 2, 1987 (Morning Session)

Todd Buchwald and George Thigpen observed the testimony of Elliott Abrams, Assistant Secretary of State for Inter-American Affairs and report as follows:

I. Overview

Shultz told Abrams in fall 1985 to monitor North's activities. Abrams satisfied himself that North's activities did not present problems because: (1) North told Abrams that all North's activities were legal (and that North had cleared his activities with White House Counsel), (2) McFarlane categorically assured Congress that North was abiding by the letter and spirit of the law, (3) Abrams met frequently with North, (4) Abrams saw no indication of illegal activity. (U)

Abrams downplayed the role of the RIG, characterizing it as a mechanism for disseminating and exchanging information, rather than policymaking. It included three or four persons from CIA, NSC, State, and DOD, and not--as Tambs testified--only Abrams, North and the Head of the Central American Task Force (CATF). Abrams did several times meet separately with North and CATF (though usually with at least one other person present). These three never discussed opening a "southern front," (though they did discuss generally the military situation in the south), and Abrams denied instructing Tambs to do so. (U)

Abrams said that he learned about the Santa Elena airstrip in fall 1985, but never asked about Tambs' role in it and assumed there was no USG involvement. In September 1986 (after the airstrip ceased operating), at North's request, Abrams instructed Tambs to pressure President Arias to call off a press conference that would reveal the existence of the airstrip by implying that an upcoming state visit hung in the balance. (U)

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BY RW NARA DATE 5/24/11

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Abrams recounted previous testimony on the solicitation of humanitarian assistance from Brunei. Asked about his previous testimony that no other countries had contributed funds to the Contras, Abrams stated that he had been surprised to learn after the disclosures of November 1986 that other countries had made contributions, and that he assumed he would have known about any such contributions because donors would ordinarily want credit from the USG. (U)

Abrams testified that the State Department fought against being assigned responsibility for running the \$27 million humanitarian assistance program because it lacked expertise in this type of operation. GAO criticism of NHAO's performance in running the program was "staggeringly unfair." Abrams knew no basis for believing that NHAO delivered any lethal aid. (U)

II. President's Involvement

A. Diversion

Nothing to report. (U)

B. Boland

Abrams assumed that the Boland Amendment applied to the NSC, though Abrams never checked this. He testified that North claimed that the legality of his activities had been cleared by White House Counsel. (U)

C. Iran Operation

Nothing to report. (U)

D. Third Country Support

Abrams testified that solicitation of humanitarian assistance for the Contras, including the possibility of a direct appeal by the President, was discussed at the May 16, 1986, NSPG meeting, which the President attended. Senate Deputy Counsel Mark Belnick pointed out that Congress had authorized such solicitations during this period. (U)

In discussing possible donor countries with his State Department colleagues, Abrams was told by Assistant Secretary of State for Near Eastern Affairs Richard Murphy that Central America "was not on the map" as far as Middle Eastern countries were concerned. Murphy said that "while it was conceivable that a direct Presidential appeal would result in a response, that was the only conceivable way to do it." This exchange may be cited by those who contend that Saudi contributions to the Contras in 1984-85 were induced by solicitations from Administration officials, including solicitations from the President. (TS)

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E. Private Support

Nothing to report. (U)

F. November 1986 Chronologies

Nothing to report. (U)

87-TF-0042

~~TOP SECRET~~

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THE WHITE HOUSE

WASHINGTON

May 28, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR.

FROM: WILLIAM B. LYTTON III 

SUBJECT: EXPECTED TESTIMONY OF JOSEPH FERNANDEZ, FORMER COS
COSTA RICA (AKA THOMAS CASTILLO)

Overview

Joseph Fernandez will testify before the Joint Committee on Thursday, May 28, 1987, in executive session. As the CIA Chief of Station in Costa Rica, Fernandez participated in an effort to build a clandestine airstrip in northwestern Costa Rica, at a site later known as "Point West." The airstrip project was abandoned after a new Costa Rican President decided that it was too grave a compromise of Costa Rican neutrality. In early 1986 Fernandez persuaded the Nicaraguan resistance fighters to form a unified command (which became UNO). On the premise that Congress would soon reauthorize aid, he persuaded the southern resistance forces to leave their sanctuaries in Costa Rica and carry the fight to Nicaraguan soil. After the aid was voted down, Fernandez began to work with Oliver North to assist the privately funded aerial resupply of the resistance. Specifically, Fernandez passed information about the resupply flights between North and Quintero and the southern resistance forces. (TS)

"Point West"

The purpose of the airstrip was to encourage the Nicaraguan resistance forces to leave Costa Rica by providing for their resupply and secondarily to provide for the resupply of friendly forces in Costa Rica in the event of Nicaraguan aggression. The formation of a Nicaraguan resistance southern front was Ambassador Tamb's highest priority, and resupply was essential to the creation of that front. In mid 1985, Costa Rican President Monge and Ambassador Tambs cooperated in locating a suitable site for the airbase. President Monge designated Minister Piza (Minister of Public Security) as his representative in the effort. (TS)

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BY RW

NARA DATE 10/28/10

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Minister Piza selected an isolated site in the northwest corner of Costa Rica. Ambassador Tambs and Minister Piza arranged for Fernandez and Rob Owen to inspect the site. Fernandez discussed the merits of the location with North. A representative of a private corporation negotiated the purchase or lease of the site, Rafael Quintero (an American citizen associated with the Secord operation) later arrived in San Jose to make arrangements for the construction of the airstrip, and work commenced. (TS)

In February 1986 President Arias was elected President of Costa Rica. Before the inauguration of Arias, Minister Piza wanted to make provisions for the airstrip. Through North, Fernandez had arranged a photo opportunity for Minister Piza with President Reagan in the White House. This took place on March 19, 1986. North, along with Fernandez, Donald Regan, and Admiral Poindexter, were also at the photo opportunity. After that event, Minister Piza and Fernandez met with Admiral Poindexter in Poindexter's office. There was no discussion of aerial resupply or the airstrip at that meeting. North found an opportunity to ask Minister Piza to meet with Secord at a hotel to discuss the airstrip. Minister Piza agreed, and that afternoon Piza met with Secord and Fernandez. Minister Piza insisted that all access to the property was to be ceded to the Costa Rica Civil Guard. He wanted the airstrip to have an official function. Later that day, a letter was delivered to Minister Piza from Robert Olmstead, representing the Udall Resources Corporation, in which Piza's conditions were met. In May 1986, President Arias decided that the airstrip would not be completed. (TS)

In June 1986, one of the Contra resupply planes made an emergency landing at the unfinished airstrip, and became stuck in the mud for a few days. (TS)

Aerial Resupply Operations

When Congress voted not to supply aid in 1986, Fernandez felt a moral obligation to the resistance forces he had encouraged to go into Nicaragua. At about the same time, North informed Fernandez that an L-100 aircraft was going to transport supplies from the Ilopango Air Base in El Salvador to the southern front forces. Fernandez informed his headquarters that the southern front forces were to receive airdropped supplies from private benefactors, and requested flight path information, hostile forces risk information, radar coverage information, the best flight path, time and altitude for the resupply flight into southern Nicaragua. This information was supplied, and Fernandez relayed it to Quintero. (TS)

Several months later, North told Fernandez that he had a warehouse full of supplies to send to the south, and planes to transport it. North wanted to begin aerial resupply, and

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proposed that Fernandez supply drop zones and that North would give Fernandez the delivery times. On this basis, more flights were made. These flights were by C-7 Caribous, or C-123s, whose lack of range prevented them from taking a circuitous route to avoid radar. They had to fly right into radar coverage. The Hasenfus flight thus was shot down. (TS)

Fernandez was able to communicate with North either by secure phone lines, or by using a KL43 device which Quintero had delivered to Fernandez in late 1985. The reason why Quintero supplied a KL43 to Fernandez at that time has not yet been clarified; however, it appears that the timing corresponds to other measures taken to set up the private resupply network. (TS)

Fernandez never told Allan Fiers, Chief of the Central American Task Force, about his direct channel to North. Fernandez has stated that North never told him of the origin of the money going to the Contras. To Fernandez's knowledge, Ambassador Tambs did not know the details of what he and North were doing. Further, Fernandez stated that he never told the DCI about his assistance to the Contras, and is not aware that anyone ever informed him. Fernandez was eligible for retirement from the CIA on April 24, 1987. (TS)

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THE WHITE HOUSE

WASHINGTON

May 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 Elliott Abrams
May 28, 1987

Attached is a summary prepared by Counsel's office of the anticipated testimony of Elliott Abrams who is expected to testify this afternoon at the Iran/Contra Hearings.

Attachment

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THE WHITE HOUSE

WASHINGTON

May 28, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR.

FROM: WILLIAM B. LYTTON III 

SUBJECT: ANTICIPATED TESTIMONY OF ELLIOTT ABRAMS

BACKGROUND

Elliott Abrams has been Assistant Secretary of State for Inter-American Affairs since March 1985. He emerged as a central figure in the Administration's Nicaragua policy, particularly after Oliver North assumed greater operational responsibility for hostage issues. Critics believe that Abrams has been less than forthcoming (e.g., by denying knowledge of the solicitation of Brunei or of USG involvement in the Hasenfus flight), and the questioning may therefore be at times sharp. (TS)

1. Third Country Solicitations

A. Brunei

Although he initially testified otherwise, Abrams solicited the Sultan of Brunei to assist the Contras in August 1986. Abrams has conceded that (1) the Sultan "didn't give a damn" about the use of the money; (2) the State Department took no action to limit its use; and (3) Abrams supplied the Sultan with the number of a Lake Resources account in Switzerland (the funds in which were not limited to humanitarian uses). In view of these facts, the Committee may question whether the solicitation was, as Abrams claims, for humanitarian purposes. (TS)

B. Singlaub Solicitations of Korea and Taiwan

According to Singlaub, Abrams agreed to "send a signal" at the appropriate moment to Taiwanese and Korean officials in connection with Singlaub's May 1986 trip to solicit assistance from Taiwan and South Korea. Singlaub testified that

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Abrams subsequently called him in Taiwan to ask that Singlaub not proceed, and later told Singlaub that the solicitation "was going to be handled by someone at the highest level." The change in signals may be linked to the decision at the May 16 NSPG (which Shultz, but not Abrams, attended) that State should prepare a memorandum on Third Country solicitations before proceeding. Further, internal State Department memoranda indicate that Singlaub actually met with one of Abrams' assistants (Rick Melton) rather than Abrams. (TS)

C. Other Solicitations

Abrams testified that he knew about efforts to solicit Singapore to provide communications equipment, and about a 1983 contribution from a foreign government to Eden Pastora's forces, but knew nothing else of countries providing funds or weapons to the Contras. The memorandum prepared by Abrams after the May 16 NSPG (see section B, supra) did not reflect the previous contributions by Saudi Arabia and Taiwan, which the State Department learned of only when McFarlane called Shultz in June 1986. Abrams may be questioned on what he learned at this time about these contributions (and about other people's knowledge of them), and how State could have failed previously to find out about them. (TS)

2. Opening Southern Front in Costa Rica

Ambassador Tambs testified that Abrams instructed him to "open the southern front" in Costa Rica. The Chief of Station (COS) in Costa Rica (identified by the pseudonym "Tomas Castillo") confirmed that Tambs, upon his arrival as Ambassador, stated that this was his mission. (TS)

A. Construction of Santa Elena Airstrip

Castillo testified that Tambs and then Costa Rican President Monge arranged construction of an airstrip at St. Elena to help re-supply Contra forces that Monge wanted moved from Costa Rican to Nicaraguan soil. Abrams claims that he learned about the airstrip -- which he understood never quite began operating -- in early 1986, and that Castillo told him it was "not something that CIA is doing." Secord testified that the strip was funded by one of his organizations, Udall Corp. (TS)

B. Closing of Santa Elena Airstrip

North told Poindexter in a September 6, 1986, PROF note that, with Abrams' concurrence, he threatened newly-elected Costa Rican President Arias that he would "never see a nickel" of promised U.S. aid if his Security Minister proceeded with a press

conference exposing the airstrip's existence. Such a threat might implicate the Pell Amendment, which prohibits conditioning USG aid upon a recipient's provision of aid to the Contras. Abrams has disputed North's version and testified that, in fact, North requested Abrams to instruct Tambs to press Arias to call off the press conference, and to imply that an upcoming state visit that Arias had sought hung in the balance. (TS)

C. Singlaub-Pastora Agreement

In March 1986, Ambassador Tambs reported that Singlaub and Pastora had agreed to the "United States" furnishing, inter alia, ammunition, military needs and training advisers, in exchange for Pastora moving his troops into Nicaragua. Tambs' reporting cable appeared to depict the USG, if not as a party to, at least as a facilitator of, the agreement. Abrams' reply cable stated that he was astonished by this report, and Ambassador Tambs was later instructed to make clear to Pastora that the United States did not consider this agreement binding. Singlaub testified last week, however, that he discussed the matter with Abrams in advance, and that Abrams expressed no objection. In addition, Abrams may have supported subsequent efforts to broker a deal calling for Calero to supply Pastora's forces with token military equipment. (TS)

3. Knowledge of Private Efforts

Abrams testified that he, like everyone, was generally aware that the Contras were receiving private funding, but was unaware of the sources. (TS)

A. Relationship with North

Abrams told the Tower Board about "rumors" of North's involvement in "the private funding mechanism," and that North mentioned having cleared his activities with the White House Counsel. North apparently spoke freely with Abrams (e.g., he told Abrams about the highly secret Costa Rican airstrip). The Committee may question Abrams both about North's activities and about whether Abrams coordinated his activities with North's. (TS)

B. Ilopango

Abrams may be questioned about the State Department's failure to report that private groups were using Ilopango air base in El Salvador as a staging area for resupplying the Contras -- even though the Embassy was aware of, and the Milgroup Commander (Colonel Steele) was allegedly involved in, airfield operations. (C)

C. Involvement of COS San Jose

Castillo testified to the Tower Board about his role in the private network airlift, including transmitting NDR requests for weapons and providing flight routes and NDR locations for supply drops. In addition, telephone calls were placed from the Salvadoran safe house used by persons working in the airlift to the COS, and Hasenfus was carrying the COS's home and office telephone numbers when he was shot down. Abrams may be questioned about his knowledge of, and possible involvement in, the COS's activities. (TS)

D. Knowledge of Hasenfus Flight

Abrams may be questioned on his early categorical denials that the USG was in any way connected with the Hasenfus flight. He has testified that he made several inquiries before issuing these denials, and would have appreciated being warned against making them. (TS)

E. Role as Speaker

Abrams spoke at several Washington functions, including some attended by the President, organized by private fundraisers. Abrams may be questioned whether he was aware these events were vehicles for raising money for the Contras. (C)

4. NHAO

Abrams will be questioned on NHAO contracts with firms headed by Rob Owen (IDEA, Inc.) and Richard Gadd (Airmach). There have been reports that Abrams insisted that NHAO enter the contract with Owen over objections from Ambassador Duemling. The Committee may explore whether any NHAO funds were used to subsidize Owen's and Gadd's non-humanitarian efforts. (C)

5. Nicaraguan Incursion into Honduras

The Administration requested emergency funding for Honduras after a Nicaraguan incursion into Honduras in March 1986. Critics charged that the funds were used to acquire items requested by Honduras before the incursion rather than in response to it. Abrams may be questioned whether the Administration deliberately exaggerated the incursion to influence pending votes on Contra funding and whether the emergency funding amounted to indirect military aid for the Contras. (C)

6. Plan for Independent Contra State

North proposed that the USG be prepared to come to the Contras aid if they implemented a plan to seize and proclaim independence for a piece of Nicaraguan land, and indicated in a

PROF note that Abrams supported the proposal. Abrams told the Tower Board that he never took the plan seriously. (TS)

7. Munitions List Items Exorted for Private Network Use

The State Department's Office of Munitions Control issued an export license for the Lady Ellen helicopter containing end-user restrictions (i.e., that the helicopter would be used for med-evac purposes) that critics believe lack credibility. Abrams may be questioned as to whether he interceded in the license application process. Abrams may also be asked about any knowledge of other aircraft (e.g., the plane carrying Hasenfus) that were apparently exported for use by the Contras without the necessary licenses. (C)

THE WHITE HOUSE

WASHINGTON

May 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 Ambassador Lewis A. Tambs

Attached is a summary prepared by Counsel's office of the anticipated testimony of Ambassador Lewis A. Tambs, former U.S. Ambassador to Costa Rica, who is testifying this afternoon at the Iran/Contra hearings.

Attachment

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THE WHITE HOUSE

WASHINGTON

May 28, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR.

FROM: WILLIAM B. LYTTON III *WBL*

SUBJECT: AMBASSADOR LEWIS A. TAMBS

I. Introduction

This memorandum provides a brief summary of Lewis A. Tambs' role in assisting the Nicaraguan Contra rebels and his expected testimony before the House and Senate Select Committees. Tambs served as U.S. Ambassador to Costa Rica from July 1985 until January 1987 when he resigned his post amid reports that he and his staff had improperly assisted the Nicaraguan rebels. Prior to his Costa Rican assignment, Tambs served as U.S. Ambassador to Colombia from April 1983 through April 1985 and as consultant to the National Security Council from August 1982 through early April 1983. (U)

Tambs will likely be asked to testify as to his knowledge of and participation in three specific activities: (a) aid to the Nicaraguan resistance forces by establishing a 'Southern Front' in Costa Rica; (b) construction and subsequent use of the Santa Elena airstrip; and (c) the Eden Pastora/General Singlaub agreement on U.S. Government assistance. Throughout his testimony to the President's Special Review Board (SRB) Tambs identified names of all the participants in these operations but claimed to know none of the details. However in a May 3, 1987 New York Times interview Tambs elaborated on his role in aiding the Nicaraguan Contras. (U)

II. 'Southern Front'

Tambs testified before the SRB that Restricted Interagency Group (RIG) members Assistant Secretary of State Elliott Abrams, LtCol Oliver North and Director of the CIA Central American Task

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Force Alan Fiers were largely responsible for formulating U.S. Government policy in Central America. Tambs claimed that in July 1985, before he assumed his post in Costa Rica, North instructed him to "open the southern front" (SRB Tambs 11). Throughout his testimony, Tambs maintained that in carrying out this assignment he spoke only with political, and not military, leaders. He encouraged them to fight the Sandinistas and to return the fight to Nicaraguan soil. (U)

In his interview with the New York Times, however, Tambs claimed that the RIG 'triumvirate' directed him to help with the opening of a new Contra offensive on Nicaragua's southern border with Costa Rica. By September 1986, Tambs said he and his staff had succeeded in building a "Southern Front" of between 1600 and 2800 men. (U)

Tambs will probably be asked about the inconsistencies in his statements and to provide precise details of the 'Southern Front' operation in light of the Times disclosures. (U)

III. Santa Elena Airstrip

The construction of a secret 1.2 mile-long airstrip at Santa Elena, just south of the Nicaraguan border, was reportedly undertaken in July 1985 by a "Project Democracy" proprietary, the Udall Corporation. According to a September 30, 1986, memorandum from LtCol North to VADM Poindexter, "the field was initially used for direct resupply efforts (July 1985-February 1986) but later served as a primary abort base for aircraft damaged by Sandinista anti-aircraft fire." (TS)

Ambassador Tambs played a major role in obtaining Costa Rican Government permission to build the airstrip. The CIA field officer (Castillo) described construction of the airstrip as a pet project of Tambs (SRB C-12). However, when questioned by the Board on this issue, Tambs claimed that as far as he understood "the airfield was never used, because it was shut down." (SRB Tambs 34). The Committee is expected to focus on these apparent discrepancies. (C)

The circumstances preceding the closure of the airstrip are in dispute. According to a September 6, 1986 Profs Note from North to Poindexter, Ambassador Tambs played a controversial role in the eventual shutdown of the secret airstrip. North wrote that the Project Democracy representative in Costa Rica informed him on September 5 that the Costa Rican Security Minister had threatened to publicize the support operation. North claimed to have then conferred with Tambs, Elliot Abrams and Alan Fiers, and that the four developed and implemented the following strategy: North, Tambs, Abrams and the Costa Rican Chief of Station (Castillo) each called Costa Rican President Arias and threatened to cancel his upcoming meeting with President Reagan and to cut

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off \$80 million in promised AID funds. Although Arias appeared to succumb to these pressures, two weeks later his government publicly announced the location and operation of the airstrip. Within 24 hours North had dismantled the operation. (S)

However, in interviews before the SRB, both Ambassador Tambs and Assistant Secretary Abrams presented a different version of these events. In his interview before the SRB, Tambs admitted calling Arias, but did not disclose their conversation. He "doubted" that North had spoken to Arias (SRB Tambs 74-76). Abrams offered a similar story, and specifically denied that any threat to the AID funds had been discussed. (SRB C-13) If Tambs confirms the scenario described in the North Profs Note, the Committee is expected to question him on the source of authority, if any,¹ to threaten a foreign head of state. (An apparent violation of the Pell Amendment, which bars the U.S. government from conditioning aid to a foreign power on the recipient's provision of aid to the Contras). (TS)

IV. Eden Pastora/General Singlaub Contract

In March 1986 General John Singlaub, who was visiting Costa Rica at the request of Senator Jesse Helms, signed an agreement with Eden Pastora purportedly committing the USG to provide military and logistical assistance to Pastora's army. Although Tambs forwarded the agreement to the RIG, with the recommendation that "Pastora should receive supplies via UNO" if he fulfilled his promises to take a more active political and military role, the Ambassador later denied to the State Department any official involvement or association with the agreement. (TS)

The Committee is expected to inquire as to the degree and source of Ambassador Tambs' authority to engage in such negotiations. (U)

¹ In the September 6 Prof Note, North indicated that he and the others had acted on their own initiative and admitted he "was well beyond (his) charter in dealing with a head of state this way and in making threats/offers that may be impossible to deliver...." Poindexter replied, via a Profs Note the next day, that North "did the right thing, but let's try to keep it quiet." (S).

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THE WHITE HOUSE

WASHINGTON

May 28, 1987

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

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

SUBJECT: Testimony of Felix Rodriguez
May 28, 1987

Attached is a summary prepared by Counsel's office of the remaining portion of testimony this morning by Felix Rodriguez at the Iran/Contra Hearings.

Attachment

THE WHITE HOUSE

WASHINGTON

May 28, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR.

FROM: WILLIAM B. LYTTON III 
SUBJECT: TESTIMONY OF FELIX RODRIGUEZ
MAY 28, 1987

Overview

The remainder of Felix Rodriguez's testimony was observed by David Stratton and Susan Disher on May 28, 1987. Rodriguez testified again that no time did he ever discuss the Contras or the resupply operation directly with Vice President Bush. Rodriguez did not discuss those subjects with the Vice President's staff until August 8, 1986. Rodriguez again described his conversation with North in North's office on June 25, 1986, in which North said that "the old man" loved him. Rodriguez was repeatedly questioned about his knowledge of the reputation and conduct of those in the Second organization.

The President's Involvement

1. Diversion

Nothing to report.

2. Boland Amendment

Rodriguez stated that he did not believe that the resupply operation for the Southern Nicaraguan resistance was a U. S. Government operation, despite the involvement of North, Colonel Steele, and other employees of the government. Rodriguez believed that North was motivated by his personal interest in the freedom fighters, which Rodriguez shared. Rodriguez allowed that North might have had some guidelines in this matter. Rodriguez again described his conversation with North in North's office on June 25, 1985, which included North's statement that the "old man" loved him. Rodriguez understood that "old man" to be the President. Rodriguez testified that North's statement might have been overly dramatic.

3. Iran Operation

Nothing to report.

4. Third Country Aid to Contras

Nothing to report.

5. Private Support to Contras

Nothing to report.

6. November 1986 Chronologies

Nothing to report.

The Vice-President's Involvement

Rodriguez never discussed the Contra resupply operation with Vice President Bush, nor was Rodriguez present when anyone else discussed those subjects with the Vice President. No one ever told Rodriguez that the Vice President had been told about it. Rodriguez never spoke to anyone in the Office of the Vice President about the Contra resupply operation until his meeting with Don Gregg and Samuel Watson on August 8, 1986.

Rodriguez was shown Don Gregg's notes from the August 8 meeting. Rodriguez had no explanation of a portion of the notes which stated, "Swap of weapons for dollars arranged to get aid for Contras." Rodriguez denied ever saying such a thing to Gregg. Rodriguez stated that he was never aware of a swap of weapons for money, that he knew nothing of the Iran arms sale, and knew nothing about any swap of weapons for money to help the Nicaraguan resistance.

Rodriguez said he failed to discuss the problems with the Contra resupply operation with the Office of the Vice President before August 8, 1986, because he was afraid he would damage the resupply program.