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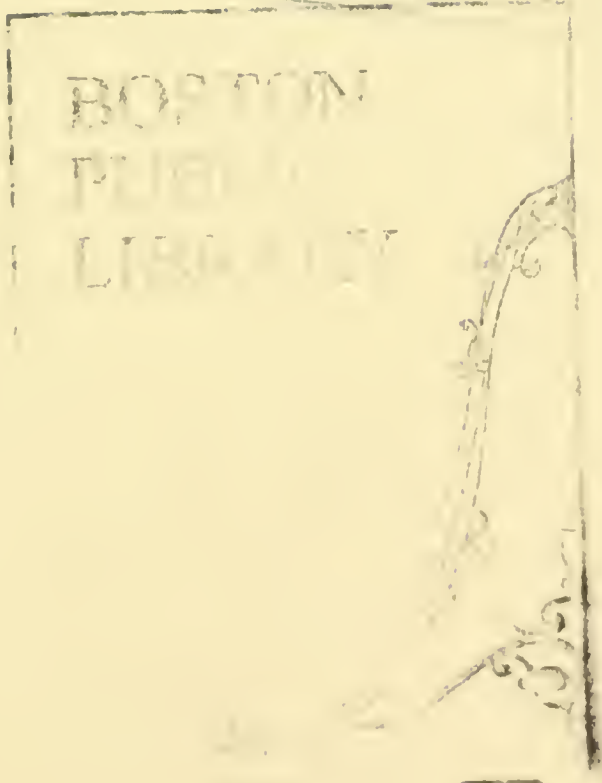
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# Senate Report

No. 216



IRAN-CONTRA INVESTIGATION  
APPENDIX B, VOLUME 5  
DEPOSITIONS

United States Congressional Serial Set

Serial Number 13746





Report of the Congressional Committees Investigating the

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# Iran-Contra Affair

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Appendix B: Volume 5  
Depositions

Daniel K. Inouye, *Chairman*,  
Senate Select Committee  
Lee H. Hamilton, *Chairman*,  
House Select Committee

U.S. Senate Select Committee  
On Secret Military Assistance to Iran  
And the Nicaraguan Opposition

U.S. House of Representatives  
Select Committee to Investigate  
Covert Arms Transactions with Iran

November 13, 1987.—Committed to the Committee of the Whole House  
on the State of the Union and ordered to be printed.

November 17, 1987.—Ordered to be printed.



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## United States Senate

SELECT COMMITTEE ON SECRET MILITARY  
 ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION  
 WASHINGTON, DC 20510-6480


March 1, 1988

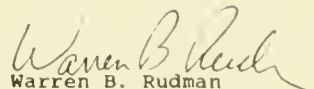
Honorable John C. Stennis  
 President pro tempore  
 United States Senate  
 Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix B to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,

  
 Daniel K. Inouye  
 Chairman

  
 Warren B. Rudman  
 Vice Chairman



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COVERT ARM5 TRANSACTIONS WITH IRAN  
UNITED STATES CAPITOL  
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(202) 225-7902

March 1, 1988

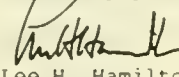
The Honorable Jim Wright  
Speaker of the House  
U. S. Capitol  
Washington, D. C. 20515

Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix B to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix B consists of the depositions taken by the Select Committees during the investigation. The contents of Appendix B have been declassified for release to the public.

Sincerely yours,

  
Lee H. Hamilton  
Chairman

United States Senate

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To Iran and the Nicaraguan Opposition

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# United States Senate

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# Depositions

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Airline Proprietary Project Officer.  
Alvarez, Francisco J.  
Allen, Charles.  
Arcos, Cresencio.

## Volume 2

Armitage, Richard.  
Artiano, Martin L.  
Associate DDO (CIA).  
Baker, James A., III.  
Barbules, Lt. Gen. Peter.  
Barnett, Ana.  
Bartlett, Linda June.  
Bastian, James H.  
Brady, Nicholas F.  
Brown, Arthur E., Jr.

## Volume 3

Byrne, Phyllis M.  
Calero, Adolfo.  
Castillo, Tomas ("W").  
Cave, George W.  
C/CATF.

## Volume 4

Channell, Carl R.  
Chapman, John R. (With Billy Ray Reyer).  
Chatham, Benjamin P.  
CIA Air Branch Chief.  
CIA Air Branch Deputy Chief.  
CIA Air Branch Subordinate.  
CIA Chief.  
CIA Communicator.  
CIA Identity "A".

---

## Volume 5

CIA Officer.  
Clagett, C. Thomas, Jr.  
Clark, Alfred (With Gregory Zink).  
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Clarridge, Dewey R.  
Cline, Ray S.  
C/NE.  
Cohen, Harold G.

## Volume 6

Collier, George E.  
Cole, Gary.  
Communications Officer Headquarters, CIA.  
Conrad, Daniel L.

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Cooper, Charles J.  
Coors, Joseph.  
Corbin, Joan.  
Corr, Edwin G.  
Coward, John C.  
Coy, Craig P.  
Crawford, Iain T.R.

## Volume 8

Crawford, Susan.  
Crowe, Adm. William J.  
Currier, Kevin W.  
DCM, Country 15.  
DEA Agent 1.  
DEA Agent 2.  
DEA Agent 3.  
deGraffenreid, Kenneth.  
de la Torre, Hugo.  
Deputy Chief "DC".

## Volume 9

Duemling, Robert W.  
DIA Major.  
Dietel, J. Edwin.  
Dowling, Father Thomas.  
Dutton, Robert C.  
Earl, Robert.



---

## Volume 10

Farber, Jacob.  
Feldman, Jeffrey.  
Fischer, David C.  
Floor, Emanuel A.  
Former CIA Officer.  
Fraser, Donald.  
Fraser, Edie.  
Fuller, Craig L.

## Volume 11

Furmark, Roy.  
Gadd, Richard.  
Gaffney, Henry.  
Gaffney, Henry (With Glenn A. Rudd).  
Galvin, Gen. John R.  
Gantt, Florence.  
Garwood, Ellen Clayton.  
Gast, Lt. Gen. Philip C.  
Gates, Robert M.  
Glanz, Anne.

## Volume 12

George, Clair.  
Godard, Ronald D.  
Godson, Roy S.  
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Gomez, Francis D.  
Goodman, Adam.  
Gorman, Paul F.  
Graham, Daniel O.  
Gregg, Donald P.  
Gregorie, Richard D.  
Guillen, Adriana.

## Volume 13

Hakim, Albert.

## Volume 14

Hall, Wilma.  
Hasenfus, Eugene.  
Hirtle, Jonathan J.  
Hooper, Bruce.

---

Hunt, Nelson Bunker.  
Ikle, Fred C.  
Jensen, D. Lowell.  
Juchniewicz, Edward S.  
Kagan, Robert W.  
Keel, Alton G.  
Kellner, Leon B.  
Kelly, John H.  
Kiszynski, George.

## **Volume 15**

Koch, Noel C.  
Kuykendall, Dan H.  
Langton, William G.  
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## **Volume 16**

Leiwant, David O.  
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Lincoln, Col. James B.  
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McLaughlin, Jane E.

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## **Volume 18**

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Merchant, Brian T.  
Meo, Philip H.  
Miller, Arthur J.  
Miller, Henry S.  
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Motley, Langhorne A.  
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Napier, Shirley A.  
Newington, Barbara.  
North, Oliver L.  
O'Boyle, William B.  
Osborne, Duncan.  
Owen, Robert W.  
Pena, Richard.  
Pickering, Thomas.  
Poindexter, John M.

## Volume 21

Posey, Thomas V.  
Powell, Gen. Colin L.  
Price, Charles H., II.  
Proprietary Manager.  
Proprietary Pilot.  
Radzimski, James R.  
Ramsey, John W.  
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## Volume 22

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Reyer, Billy Ray (See John Chapman).  
Reynolds, William B.

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Richard, Mark M.  
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Robelo, Alfonso.  
Robinette, Glenn A.  
Rodriguez, Felix I.  
Roseman, David.

---

Rosenblatt, William.  
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## Volume 24

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Weinberger, Caspar.  
Weld, William.  
Wickham, John.  
Zink, Gregory (See Alfred Clark).

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# Preface

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The House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape-recorded and later transcribed and duly authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or “use” immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses—or leads or collateral evidence based on those responses—could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In these *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits—documentary evidence—were developed by Select Committees’ staff in the course of the Select Committees’ investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original

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exhibits are stored with the rest of the Select Committees' documents with the National Archives and Records Administration and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions* appendix, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

---

## Publications of the Senate and House Select Committees

---

*Report of the Congressional Committees Investigating the Iran-Contra Affair*,  
1 volume, 1987.

Appendix A: *Source Documents*, 2 volumes, 1988.

Appendix B: *Depositions*, 27 volumes, 1988.

Appendix C: *Chronology of Events*, 1 volume, 1988.

Appendix D: *Testimonial Chronology*, 3 volumes, 1988.

All publications of the Select Committees are available from the U.S.  
Government Printing Office.





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DEPOSITION OF [REDACTED] CIA Officer

Saturday, April 25, 1987

United States Senate

Select Committee on Secret

Military Assistance to Iran

and the Nicaraguan Opposition

Washington, D. C.

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**HOUSE**

Deposition of [REDACTED] called as a witness by counsel for the Select Committee, at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 10:15 a.m. the witness having been duly sworn by MICHAL ANN SCHAFER, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by MICHAL ANN SCHAFER and transcribed under her direction.

4210

Partially Declassified/Released on 12 JAN 88  
under provisions of E.O. 12356  
by K. Johnson, National Security Council

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1           **APPEARANCES:**

2                       **On behalf of the Senate Select Committee on Secret**  
3           **Military Assistance to Iran and the Nicaraguan**  
4           **Opposition:**

5                       **DANIEL FINN, ESQ.**

6                       **TOM YOUNG**

7                       **On behalf of the Central Intelligence Agency:**

8                       **KATHLEEN A. MC GINN, ESQ.**

9                       **Assistant General Counsel**

10                      **Office of General Counsel**

11                      **RHONDA M. HUGHES, ESQ.**

12                      **Legislative Counsel**

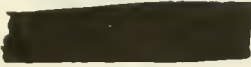
13                      **Office of Congressional Affairs**

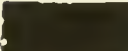
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1		C O N T E N T S	
2			EXAMINATION ON BEHALF OF
3	WITNESS		SENATE                      HOUSE

4			
5	By Mr. Finn		4

6		E X H I B I T S	
7	 EXHIBIT NUMBER		FOR IDENTIFICATION

8	1		83
9	2		85
10	3		86
11	4		90
12	5		92
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Whereupon,



called as a witness by counsel on behalf of the Senate Select Committee and having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION

BY MR. FINN:

Q Once again thank you for coming in. As I mentioned, why don't we go through this chronologically,



Q Prior to assuming the position did you have any discussions concerning the nature of

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1 your responsibilities once you arrived there with either  
2 your superiors at the Central American Task Force or any  
3 other of your superiors in the CIA?

4 A Yes. I'm sure I did, yes.

5 Q Can you recall at all what those discussions  
6 would have been? For example, did you return to  
7 headquarters prior --

8 A Yes. [REDACTED] I  
9 remember having a meeting with [REDACTED] and with  
10 [REDACTED] and Dewey Clarridge before going down  
11 there, and having sort of read through the files up here  
12 and looked at what was going on [REDACTED]

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18 Q Would this meeting have occurred prior to your  
19 coming on scene [REDACTED] or afterward?

20 A I think it was prior, yes.

21 Q Do you have a general idea when that might  
22 have been?

23 A It couldn't have been too much before I went  
24 [REDACTED]

24

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Q Fine. [REDACTED]

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1           A     To the best of my recollection.

2           Q     Just for the record, at that time Dewey  
3     Clarridge was still the Latin America Division Chief?

4           A     Yes, he was the Latin America Division Chief.

5           Q     And [REDACTED] was?

6           A     Chief of the Central American Task Force.

7           MS. MC GINN: Could we stop for just a second?

8     [REDACTED] if you could try to let him say his whole question  
9     and then answer, because I think the court reporter may  
10    be having a hard time because you are both tending to  
11    talk at once.

12           THE WITNESS: Okay. Fine.

13           BY MR. FINN: (Resuming)

14           Q     You had mentioned that in the context of those  
15    discussions with [REDACTED] and Clarridge that there was  
16    a discussion of your views about [REDACTED]

17    [REDACTED] This period, going toward June of '84, was a period  
18    in which funding for the contra program was running out;  
19    is that correct?

20           A     It had run out, I think. It ran out on the  
21    31st or something, the end of May.

22           Q     Do you recall any discussions as to the future  
23    of that program, [REDACTED]

24           [REDACTED]

25           A     Well, generally speaking there would be

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1 material that was in the pipeline that would continue  
2 coming, and, you know, we were waiting to see what was  
3 going to happen with the Congress in the fall, what would  
4 happen 1 October.

5 Q As to this materiel in the pipeline, could you  
6 say what the upshot was concerning how that would be  
7 treated?

8 A Well, it was treated just as it had been all  
9 along. The material would come in and be turned over to  
10 the FDN.

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16 Q Fine. Thank you. At the time the funds per  
17 se ran out there were no additional operational funds  
18 necessary at approximately May 31 of '84. Was there a  
19 significant quantity of arms and ammunition which had  
20 already been purchased

21

22 A I don't know. I assume. Their level of  
23 activity was fairly high. They were up around  
24 guerrillas, doing well. I'm not sure how much had been  
25 expended frankly.

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1 Q Well, why don't we return to the meeting that  
2 you had in April or May of '84 and we can go on to the  
3 material issue later? Beyond the fact that you discussed  
4 the possible resumption of Congressional funding for the  
5 program in October of '84, were there any discussions of  
6 how the program would be managed or conducted on the  
7 assumption that such funding might not have been resumed?

8 A Not that I recall, no.

9 Q Wouldn't you say that's a bit unusual in a  
10 situation where a program is winding down and the  
11 prospects for resumption are unclear, not to have some  
12 form of discussion about how [REDACTED] would comport  
13 itself with respect to the resistance forces?

14 A Well, it was still fairly early in the game, I  
15 think, back in May, and, you know, I don't know, looking  
16 back on it, if things had solidified to the point where  
17 it was known that for sure there would not be, frankly.  
18 I don't remember.

19 Q At any time prior to your assignment [REDACTED]  
20 [REDACTED] did you have discussions with the Director of  
21 the CIA, William Casey?

22 A No, I did not.

23 Q So you had not met Mr. Casey at the time of  
24 your assignment [REDACTED]?

25 A No. I don't recall. Wait a minute. Hold it.

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1 I may have met him once in the hall [REDACTED]  
 2 [REDACTED], but I never had a meeting or  
 3 a meeting with him.

4 Q Prior to being chosen for the position of  
 5 [REDACTED] you were not taken to see  
 6 Casey for an initial discussion by Clarridge or  
 7 [REDACTED] or anyone else?

8 A No. [REDACTED]  
 9 [REDACTED]

10 Q How about after your arrival [REDACTED]  
 11 [REDACTED] Did you then  
 12 return to headquarters for consultations with the  
 13 Director or with your immediate superiors?

14 A No.

15 Q To the best of your recollection when was the  
 16 next time you returned to Washington?

17 A I don't recall. Probably [REDACTED]  
 18 perhaps.

19 Q Can you fill in some of the details concerning  
 20 [REDACTED] trip? I presume that would have been for  
 21 consultations [REDACTED]

22 A Probably, yes. If I could just go off the  
 23 record for a second.

24 (A discussion was held off the record.)


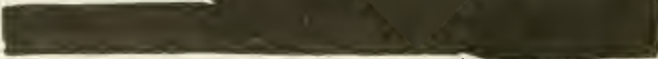
25 MR. FINN: Back on the record.


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1 BY MR. FINN: (Resuming)

2 Q What I'm trying to get at is to begin to  
3 understand what planning went into the winding down of  
4 the program after the funding ran out and when it became  
5 clear that funding would not be restored. This would  
6 have been in, let's say, the September to October of '84  
7 time frame. Did you return to Washington for  
8 consultations   
9 

10 A Not that I recall. 

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Q You mentioned earlier that the contras had a

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1 fairly high level of activity. By this I presume you  
2 mean the FDN specifically.

3 A Specifically FDN, but also the Indians, as I  
4 recall. They were both doing quite well.

5 Q So it's your perception that at that time  
6 there would have been a continuing need by the FDN for  
7 additional sources of arms and ammunition, particularly  
8 ammunition?

9 A That's correct.

10 Q Would that also be especially true of  
11 ammunition or would it range?

12 A It would range across. But, you know, they'd  
13 capture stuff. Also, when you provide them the weapons  
14 those weapons should last for a certain period without  
15 having to be replaced. You have to have a certain  
16 replacement factor, of course, but it would be mostly  
17 what I would consider munitions and food.

18 Q To the best of your recollection did the  
19 material that had previously been purchased, let's say  
20 for which all charges had been expended prior to the  
21 funding cutoff on the 31st of '84, continue to either  
22 flow [REDACTED] for dispersment [REDACTED]

23 [REDACTED] to the FDN?

24 A Yes. After May 31?

25 Q Yes, that's correct.

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1           A     Yes, that material was in the pipeline,  
2           continuing to be dispersed.

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6           Q     Would that have been sufficient to sustain the  
7           FDN and Indian forces at the level of activity that they  
8           were then experiencing, let's say, into December of that  
9           year, '84?

10          A     If they sort of stayed off the offensive I  
11          would assume it would. I really don't know, to tell you  
12          the truth. I think that they couldn't maintain their  
13          level of activity without continuing munitions.

14          Q     Did this level of activity that you noted, the  
15          [REDACTED] guerrilla force [REDACTED] then continue  
16          military activity, continue through 1984 and into the  
17          spring of 1985?

18          A     No. They began coming out. [REDACTED]

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22          Q     Can you say what time frame the withdrawal  
23          spanned?

24          A     October, November, December.

25          Q     Out to what time frame during Easter, I

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1 believe, of '85 there was a major Sandinista incursion [REDACTED]

2 [REDACTED] is that true?

3 A That's true.

4 Q When that incursion occurred did it result in  
5 a high level of military activity by the contras who were  
6 defending that area?

7 A Yes.

8 Q Did they have adequate ammunition to sustain  
9 that activity during that period?

10 A To the best of my recollection, yes. The  
11 material had started to arrive.

12 Q And where was this material coming from?

13 A Private benefactors. The FDN -- Calero was  
14 getting material. It was being sent into the country.

15 Q What sort of material was this at that time?

16 A Mostly munitions and some weapons, I would  
17 assume.

18 Q By munitions you mean ammunition?

19 A Ammunition.

20 Q This would be small arms ammunition?

21 A Yeah, for their rifles, for their basic  
22 weapons.

23 Q Did you have [REDACTED]

24 [REDACTED] an idea of

25 where this equipment would be coming from?

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A What we believed was the material was coming from actual private benefactors in the United States, wealthy people who Calero had contacted and had provided him funds to buy this materiel on the international arms market.



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[REDACTED]

Q Did [REDACTED] yourself form an estimate of the value of the supplies that were being provided in the early part of 1985?

A No, not to my recollection. I know we sent cables in estimating how much had come into country, but it was difficult to do because you don't know what price he paid, and the prices really varied. Like one cartridge could vary from 12 cents to 30 cents, and if he got 12 cents and he's buying 20 million, that's a hell of a savings.

Q It was your understanding that Calero and the FDN were being provided cash or funds in some form which they were then using to support their purchases?

A That was our impression in the beginning.

Q Let me go back again to the period in which the funding is running out. This is in the summer of '84. And then when the Boland Amendment, what I guess is called Boland II, which contained the "direct and indirect" language came into effect, the decision was made [REDACTED]

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A Yes, that's correct.

3

Q When was that decision taken?

4

A I think after the law was passed.

5

Q This would mean after October of '84?

6

A Yes.

7

Q Going back one step for a minute, the FY 1983 statute which contained the \$24 million contra assistance program also contained a clause having to do with direct or indirect assistance once the funds ran out. Do you recall any activity or any change of policy with respect to [REDACTED] activities coming into effect prior to October of '84?

14

A No, frankly. There may have been.

15

Q The only issue that you can recall as a result of the Congressional actions was the specific issues having to do with the funding of items that had previously been purchased and whether they could continue to be supplied?

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A Yes.

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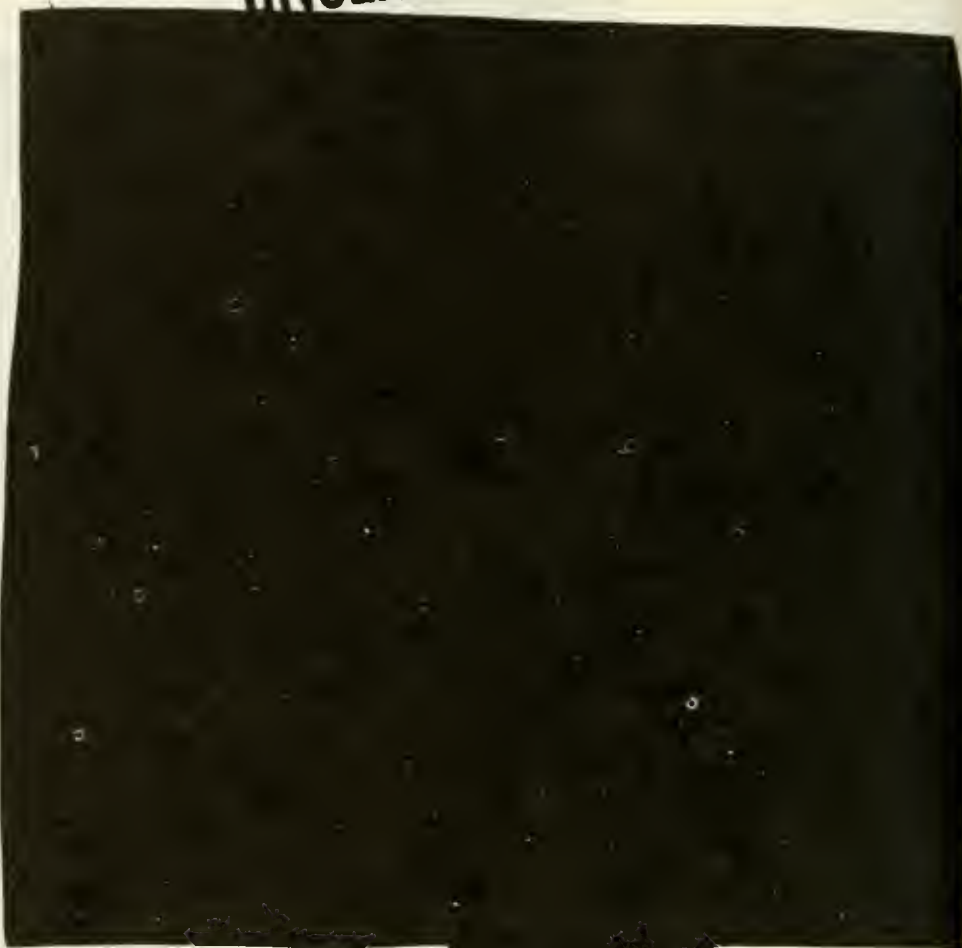
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Q Do you recall a [redacted] conference being held [redacted] in September of '84?

A Yes. I think it was August. I may be incorrect. It may be September, but to my recollection it was August of '84.

Q What was the occasion for that meeting?

A It was a normal [redacted] conference.

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1 They usually try to have one every year.

2 Q Who attended from headquarters?

3 A Let's see. The Director was there. Dewey  
4 Clarridge was there. Clair George was there. I don't  
5 recall anyone else.

6 Q Mr. Clarridge was still the chief of the  
7 division at that time?

8 A He was still the division chief, yes.

9 Q Do you recall anyone else from other agencies  
10 or outside the CIA being permitted to be present at that  
11 meeting?

12 A There may have been.

13 Q Specifically do you remember Ollie North  
14 having been present at that meeting?

15 A Yes, Ollie North was [REDACTED], but I  
16 don't recall him being in our meetings.

17 Q So you can't recall any specific session that  
18 was part of this meeting at which North was an attendee?

19 A No. He may have been, but I personally do not  
20 recall.

21 Q Just to refresh your recollection, how did you  
22 become aware that North was [REDACTED] during this time?

23 A There was a cocktail party [REDACTED]  
24 [REDACTED] and North was there.

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9 Q Do you recall a session at which the chiefs  
10 were asked to describe the activities and the situations  
11 [REDACTED] for the visitors?

12 A No, but I'm sure that would be a normal thing  
13 to do.

14 Q And you don't recall Ollie North having been  
15 present at that session?

16 A No, I do not.

17 - Q Do you recall Ollie North giving a briefing on  
18 the situation in the southern front area at that session,  
19 at any session?

20 A No, I do not.

21 Q At that [REDACTED] meeting was there  
22 any discussion of the future of the contra program?

23 A Well, I'm sure there was a discussion saying  
24 they were going to try their best to get support from  
25 Congress.

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TOP SECRET CONTROL

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1 Q Did Mr. North -- when you were [REDACTED] do  
2 you recall North speculating or discussing on the future  
3 funding for the contras?

4 A No, I don't.

5 Q If I were to tell you that North did discuss  
6 that issue [REDACTED] at some time, would that assist your  
7 recollection concerning whether he was at the meeting?

8 A No. I remember the conference room and the  
9 meetings we had. I remember having dinner at [REDACTED]  
10 house, or [REDACTED] house, and the cocktail party [REDACTED]

11 [REDACTED]  
12 Q But to the best of your recollection the only  
13 time that you can recall North being present is at the  
14 cocktail party [REDACTED]

15 [REDACTED]  
16 A That's right.

17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]

20 Q If North had been permitted to attend [REDACTED]  
21 meeting, would that not have been unusual?

22 A I would think so, yes.

23 Q So wouldn't you agree that if North had been  
24 present at the meeting that it would have been  
25 sufficiently unusual that you might have remembered it?

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1           A     I would think I would have remembered it, but  
2 I frankly don't.

3           Q     Was that a large meeting? I'm trying to  
4 refresh your recollection on this point.

5           A     Well, it was a large room and when the  
6 Director was there, you know, you had some people from  
7 headquarters -- I'm sure more besides Clair and Dewey and  
8 the Director; other people who just happened to be  
9 around.

10          Q     Do you recall the arrangements that were made  
11 for the headquarters delegation to arrive? Specifically,  
12 do you recall if Ollie North came with them or whether he  
13 arrived separately?

14          A     I don't know.

15          Q     If we may, why don't we move forward a little  
16 bit to the onset of the humanitarian assistance program  
17 and the resumption of certain activities having to do  
18 with assistance to the contras? To the best of my  
19 knowledge the humanitarian program was approved, more or  
20 less, in the late summer or early fall of '85, I believe  
21 in September.

22          A     August?

23          Q     August or September of '85. If you agree,  
24 let's use the August '85 date. It appears to have been  
25 in the beginning of August of '85.

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1 A Yes.

2 Q Under this program, which was created  
3 essentially by two statutes, the CIA was once again  
4 permitted to share intelligence information with the  
5 resistance.

6 [Redacted]  
7 [Redacted]

8 A Yes.

9 [Redacted]  
10 [Redacted]  
11 [Redacted]  
12 [Redacted]  
13 [Redacted]  
14 [Redacted]  
15 [Redacted]  
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Q At this time was this intelligence also provided for the purpose of assisting the FDN and other organizations in the effective delivery of humanitarian supplies? Let me clarify that.

Was information provided to the FDN that would assist it in making flight arrangements, in designing flight plans into Nicaragua for the delivery of supplies?

A During this whole period, yes.

Q Can you recall when that function began?

A No.

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1 Q Do you recall specific flight vector  
2 information ever being provided to the contras?

3 A No. Frankly, I don't.

4 Q Do you believe, however, it might have been  
5 provided?

6 A It rings no bell at all. I don't think so.  
7 FDN pilots know Nicaragua very, very well, and there's  
8 not much that we could give them outside [REDACTED]  
9 [REDACTED] which would change their ways of flying in and out.

10 Q Despite the familiarity of the FDN pilots with  
11 the country, might it not have been necessary to acquaint  
12 them with specific approach methods for specific drop  
13 zones or things of that nature?

14 A Not really, because the drop zones are so  
15 large. [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 Q If the FDN were asked to fly or arrange for a  
20 flight to an unfamiliar area, for example where southern  
21 front forces would be operating, might it be essential  
22 for them to have more detailed flight information?

23 A I would assume, yes.

24 Q Thank you.

25 A The reason I smile is getting the FDN to drop

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1 to the south is no mean trick.

2 Q I think we could probably discuss that later.

3 What was your understanding of the CIA's role  
4 with respect to the humanitarian assistance program?

5 A Well, our role was one of assisting NHAO in  
6 checking to see if the suppliers actually did exist and  
7 the material was being supplied.

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Q You stated that part of the mission of the CIA with respect to the humanitarian program was to verify the receipt of supplies, I believe; is that correct?

A Yes. That material was coming. Basically more that these people actually did exist, these suppliers, and that they were supplying material, that the bills were valid bills, valid invoices.

Q Did the CIA obtain specific information on supplies that had been received that it then transmitted back to Washington?

A I'm not sure if we did or not, or if that was done basically as part of [redacted] and made into a NHAO report, if you understand what I'm saying.

Q Perhaps you could clarify that.

A Well, I'm not sure if we sent any traffic on it or the information that was collected by the CIA [redacted] and the State Department officer was just formulated into a report [redacted]

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1 [REDACTED]  
2 Q Were CIA personnel [REDACTED] tasked  
3 to report on the delivery of supplies pursuant to the  
4 NHAO program?

5 A Yes, to the extent of not getting on every  
6 truck and counting every slab of meat. We just couldn't  
7 do that. But that material was coming in, that food was  
8 arriving, that people were eating, yes.

9 Q In terms of specific deliveries, to the extent  
10 that [REDACTED] personnel reported on that, what were their  
11 sources? Would they have to obtain this information  
12 [REDACTED] or would they  
13 have done this as a result of personal observation?

14 A I think both. But I can't really say.

15 Q So to the extent that there are reports on  
16 this subject, those reports would be based, in your view,  
17 mostly on personal observation or mostly on information  
18 that [REDACTED]?

19 A I don't know. When you look and the guys are  
20 eating and they are not screaming about food or looking  
21 starved --

22 Q Would it surprise you if the reports from [REDACTED]  
23 [REDACTED] were much more specific than the impressionistic  
24 type that you described?

25 A Of course. You're talking how many years ago.

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31

1           Q    If [REDACTED] was providing more or less  
2 detailed reports on supplies that were being received,  
3 humanitarian supplies, by the contras, where would those  
4 detailed reports have come from?

5           A    The same [REDACTED] If you're talking about [REDACTED]  
6 [REDACTED] yes.

7           Q    Were [REDACTED] personnel spending a  
8 great deal of their time making personal observations  
9 concerning the precise inventory of supplies that were  
10 coming in under this program?

11          A    I don't recall how much of their time it would  
12 have taken.

13          Q    Do you agree that if such information  
14 concerning inventories and detailed lists of supplies was  
15 being collected, [REDACTED]  
16 [REDACTED]

17          A    That would certainly be my impression of it,  
18 yes.

19          Q    What I'm asking is, [REDACTED]  
20 [REDACTED] lists of the supplies, [REDACTED]  
21 [REDACTED]

22          A    I don't recall.

23          Q    Okay. I'd like to go through how this program  
24 unfolded over time. As we noted, the approval was  
25 received for the humanitarian program sometime in August

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32

1 of '85. Were the humanitarian deliveries prior to  
2 November of '85, to the best of your recollection?

3 A I don't know the date. What sticks in my mind  
4 were the first planes that came

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Q Were there any deliveries?

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had there

12

been any previous humanitarian deliveries?

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A I don't know. I don't remember.

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Pages 33-35

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17           Q    You mentioned the word earlier "private  
18           benefactor", and you mentioned it with respect to the  
19           October to December '84 time frame. Was that term in  
20           currency during that earlier time frame, late '84? Do  
21           you recall how the word came to your attention, the  
22           phrase?

23           A    No. Frankly, I don't.

24           Q    At what point did you discover that the NHAO  
25           office was relying on contractors to make arrangements

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TOP SECRET CODE WORD

37

1 for deliveries of humanitarian supplies?

2 A I would assume when the L-100s landed, when  
3 they started coming in, that they were contracted and  
4 they weren't U.S. Air Force.

5 Q With respect to flights that were arriving  
6 [REDACTED] were you aware that contractors were not  
7 only making specific flight arrangements but were  
8 essentially serving as brokers and had a presence at  
9 [REDACTED]

10 A I'm not sure what you mean by brokers.

11 Q Did you become aware that pursuant to the NHAO  
12 program the State Department had not only arranged from  
13 private sources aircraft for delivery [REDACTED] but  
14 had also arranged, procured the services of an  
15 intermediary to make further arrangements for the NHAO  
16 program?

17 A No, not to my recollection.

18 Q When did you become aware that Max Gomez or  
19 Felix Rodriguez [REDACTED]

20 A Oh, I had heard Max Gomez was going to  
21 Salvador [REDACTED]  
22 that must have been '83 or early '84.

23 Q Did you at some point link Gomez with the  
24 humanitarian assistance program?

25 A No.

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TOP SECRET HOLLYWOOD

1           Q     When did you become aware that Gomez was  
2 performing some function with respect to deliveries to  
3 the FDN [REDACTED]

4           A     I don't recall. Perhaps the newspapers.

5           Q     Did you become aware at some point that  
6 private air crews had been retained by someone to shuttle  
7 supplies [REDACTED]

8           A     What time period are we talking about --  
9 during the NHAO period?

10          Q     Yes. Let's say in the period of November of  
11 '85 to March of '86.

12          A     No, I did not.

13          Q     So it's your belief that the private air crews  
14 did not appear on the scene prior to the winding down of  
15 the NHAO program?

16          A     As far as I know.

17          Q     How would you learn about such developments if  
18 they were to occur?

19          A     I'm sorry?

20          Q     Let's say that private air crews had appeared  
21 on the scene [REDACTED] How would you become aware of  
22 their existence?

23          A     I'm still not sure what you mean.

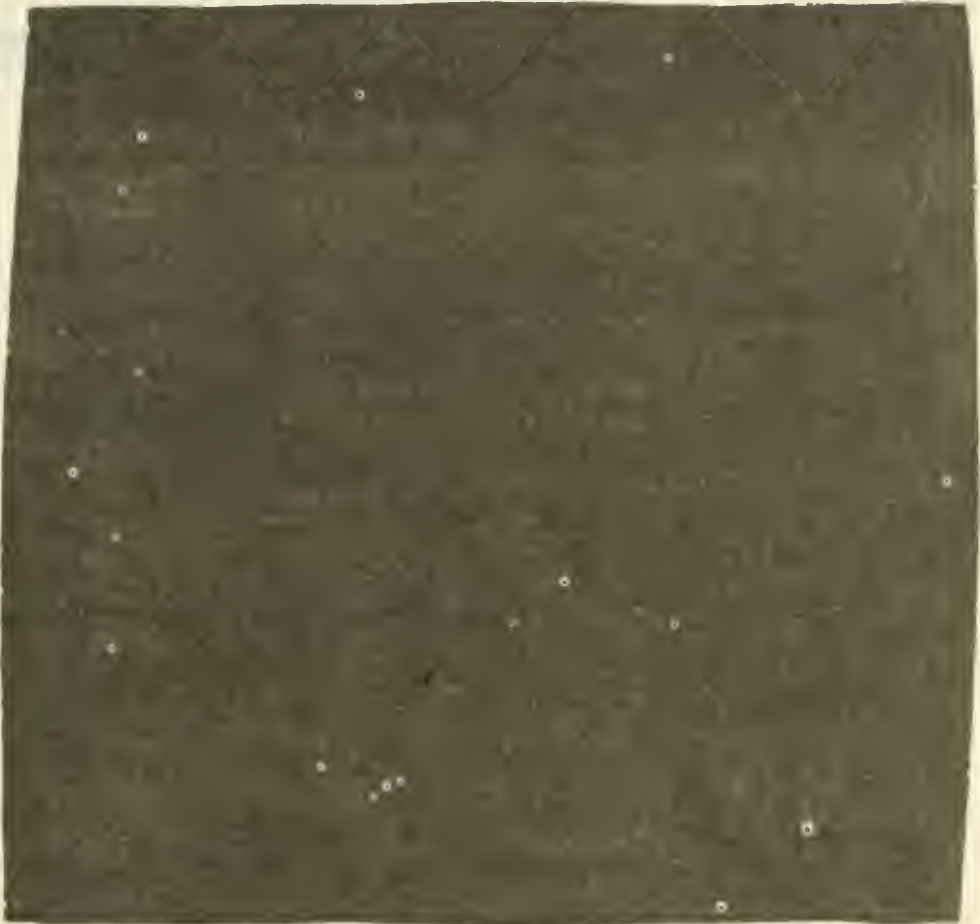
24                MS. MC GINN: I think it might be better if  
25 you asked him a specific question rather than a

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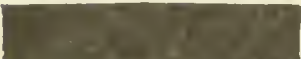
1 hypothetical, if in fact you know that there were private  
2 air crews at a certain time. I think he's having  
3 problems with some of these hypotheticals.

4 BY MR. FINN: (Resuming)



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Q Now you were aware that supplies of some kind  
were being received by the contras [redacted] from



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1 A Okay. Yes.

2 Q In the period prior to April of '86 how did  
3 you believe these supplies were arriving?

4 A The FDN [REDACTED], the FDN [REDACTED] I'm not sure we  
5 knew where planes were coming from [REDACTED]  
6 when those planes landed. They could have been from New  
7 Orleans. They could have been from Miami. They could  
8 have been from anywhere, frankly.

9 Q When did you first become aware that DC-7 --  
10 I'm sorry, C-7 Caribou and C-123 aircraft had arrived,  
11 were flying [REDACTED]

12 A When they flew [REDACTED] and started, you  
13 know, operating [REDACTED]

14 Q Can you put a date on that?

15 A No.

16 Q Was that prior to the winding down and phasing  
17 out of the humanitarian assistance program or thereafter?

18 A Well, I think it was after, to the best of my  
19 recollection, because the NHAO program continued on in a  
20 sense, where I believe there were not flights. There  
21 wasn't enough money for flights, but there was money that  
22 they were using for food and they stretched the money out  
23 into I'm not sure when -- March, April, May, something  
24 like that of '86.

25 And I'm not sure. I'd have to look back and

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1 find out when the reports say that those first planes  
2 arrived and started doing some dropping.

3 Q Did it ever come to your attention that lethal  
4 equipment and supplies were being added to humanitarian  
5 supplies provided pursuant to the NHAO program when they  
6 were delivered [REDACTED]

7 A I recall that there was some rule. Okay?  
8 They've talked about the ten percent rule where they  
9 allowed a certain amount of materiel that somehow had  
10 [REDACTED]  
11 [REDACTED] and then was transferred  
12 over on a space-available basis. But I don't know what  
13 that material was. I can't recall. I would assume  
14 munitions, meaning bullets.

15 Q When you say that certain equipment had not  
16 been permitted [REDACTED] are you referring to a  
17 Boeing 707 load which was originally destined for  
18 [REDACTED] but was apparently diverted [REDACTED]

19 A Yes. I think so, yes. I'm not sure if it was  
20 a 707, but it was an aircraft that I recall was due to  
21 come [REDACTED] with lethal material [REDACTED]  
22 [REDACTED]

23 Q What was the approximate time period in which  
24 this occurred?

25 A I don't recall -- sometime in '86, but I don't

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1 know when.

2 Q This would have been in early '86?

3 A I don't know. There was another plane that  
4 landed [REDACTED] at one time that came in with  
5 munitions.

6 Q And that was earlier?

7 A I would have to guess on that. I really don't  
8 know.

9 Q What was your source of information about  
10 those aircraft that made deliveries, either attempted to  
11 or actually made deliveries of lethal supplies?

12 A [REDACTED]

13 Q Did you have any additional information  
14 concerning the contents or source of those supplies?

15 A No. [REDACTED]

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Q So by sometime in early '86, although not too early, it was your understanding that a significant cargo of lethal equipment had been diverted [REDACTED]?

A I'm not sure if it was '86 or '85. I don't recall much materiel coming in in '86, frankly.

Q You were aware, then, that some of this material that was located [REDACTED] was being added to flights from [REDACTED] to [REDACTED]

A Yes. I must have been, yes.

Q You referred to a rule, I believe.

A I've heard about that, just of recent time. This is something that just came up.

Q The so-called ten percent rule?

A The so-called ten percent rule.

Q You were not aware of that at that time?

A I remember something vaguely along those lines, but I cannot sit here and say God, yes, there was a ten percent rule and this was that date and so and so did it. I'm sorry, I can't.

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1 Q Who would have applied such a rule?

2 A I would assume the Department of State.

3 Q And it would have been a rule essentially  
4 governing the behavior of the FDN in terms of regulating  
5 the extent to which the FDN could place lethal equipment  
6 and supplies on NHAO-supported aircraft?

7 A I see what you mean. Yes.

8 Q Did NHAO, to the best of your knowledge,  
9 subsidize or support the flights [REDACTED]

10 [REDACTED]

11 A I don't know.

12 Q You stated your understanding earlier that the  
13 FDN had arranged airlift [REDACTED]  
14 is that correct?

15 A Clearances, yes, but I may be wrong. I know  
16 they do that now and they have always done it, and they  
17 have always had their own aircraft, [REDACTED] that  
18 went back and forth [REDACTED]

19 Q When you say "their own aircraft" you mean  
20 aircraft that was chartered by the FDN or actually --

21 A Aircraft. Well, it may have been chartered at  
22 the time, [REDACTED]

23 Q [REDACTED] was a charter?

24 A Partially charter, yeah. They owned part of  
25 it.

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45

1 Q When the C-7 and C-123 aircraft appeared at  
2 [REDACTED] was it your understanding that these had also  
3 been supported by the NHAO program?

4 A No.

5 Q So it's your belief that the C-7s and C-123s  
6 were completely paid for by the contras or other private  
7 parties?

8 A Private parties, yes.

9 Q Do you recall a proposal for the contras  
10 themselves to charter a C-123 aircraft?

11 A I think so, but I'm not sure.

12 Q Was that one of the same aircraft that was  
13 later used?

14 A I don't think so, no. Looking at those  
15 aircraft, I don't think we would have accepted any of  
16 them. They're kind of junk.

17 Q At any rate, to the best of your knowledge the  
18 State Department did not provide any financial support to  
19 the shuttle flights made by the C-7 and C-123 aircraft?

20 A As far as I know, no.

21 Q To the best of your knowledge did the State  
22 Department provide support for flights [REDACTED] into  
23 Nicaragua?

24 A No. To the best of my knowledge, no.

25 Q Was that ruled out? Was there discussion of

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1 that point?

2 A [REDACTED] into --

3 Q Yes.

4 A I don't even recall that coming up, frankly.  
5 It may have.

6 Could we take a break for a couple of minutes?

7 (A brief recess was taken.)

8 BY MR. FINN: (Resuming)

9 Q When we left off we were discussing the C-7  
10 and C-123 flights [REDACTED] and your knowledge of  
11 them. You were not able to put a date on when these  
12 aircraft commenced operations; is that correct?

13 A Yes. I can't recall when they came [REDACTED]  
14 [REDACTED]

15 Q At the point that the humanitarian program was  
16 winding down were you generally aware that the contras  
17 were the beneficiaries of a private supply network that  
18 was operating [REDACTED]

19 A I'd say yes.

20 Q Did you associate that network with Max Gomez?  
21 [REDACTED]

22 A No.

23 Q So it was your understanding that Gomez was [REDACTED]  
24 [REDACTED] solely to assist the Salvadoran government's  
25 counterinsurgency effort?

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1           A     I may have heard that he was involved in, you  
2 know, some of these other things, but Max Gomez was  
3 involved in that for quite some time. That was his  
4 reason for being there, the insurgency effort, whatever  
5 he did with the insurgents or counterinsurgency, yes.

6           Q     So you are sure he was performing  
7 counterinsurgency functions for the Salvadorans but may  
8 have had some information that he was also part of a  
9 private supply network for the contras?

10          A     Yeah, um-hum.

11          Q     What was [REDACTED] policy toward these  
12 activities? Was there a policy concerning reporting on  
13 the supply activities of the private groups?

14          A     Yes.

15          Q     What was that policy?

16          A     Yes. What material they had brought into the  
17 country, any material they dropped into Nicaragua was  
18 reported in intel format to the community.

19          Q     So there was no restriction on reporting the  
20 deliveries that were made through this private network?

21          A     No.

22          Q     And every effort was made, to the best of your  
23 knowledge, to collect such information for intelligence  
24 purposes?


25          A     Yes.

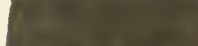
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1           Q     Would you say that you had fairly good reports  
2     on the supplies, the supply activities that were being  
3     conducted in this manner?

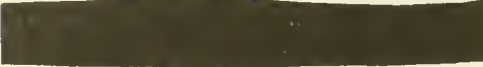
4           A     If we're talking about the drops going into  
5     Nicaragua 

6      yes. To the best of my recollection we put  
7     out intelligence reports on each one.

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19          Q     Did  every provide any support to  
20     shuttle flights conducted by the private benefactors

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A     Not that I know of, no.

23          Q     So you are not aware of an instance in which  
24     flight clearance was arranged for such aircraft?

25          A     No.

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1 Q At what point did you become aware that the  
2 C-7 and C-123 aircraft were being used for deliveries out  
3 [REDACTED] into Nicaragua?

4 A I believe soon after they arrived and went  
5 [REDACTED] and actually made a drop inside, but I  
6 believe that they were basically an [REDACTED]  
7 operation.

8 Q The drops that were made out [REDACTED] by  
9 these aircraft included lethal as well as humanitarian  
10 supplies?

11 A I'm not sure. I would assume yes. It would  
12 be both. I mean, every drop we make is a combination of  
13 lethal and humanitarian -- almost all of them.

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Q Specifically, did you ever discuss with Lieutenant Colonel North on the NSC the reactivation of

[REDACTED]

A I may have mentioned to him. I don't recall, but I may have mentioned it to him because [REDACTED] was a personal friend of his.

Q At the time you proposed to have [REDACTED] brought back into service with the CIA were you aware of his relationship to North?

A [REDACTED] yes.

Q How did you become aware of that?

A [REDACTED] told me.

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Q Have you ever discussed with North

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[REDACTED] role or duties with the CIA?

6

A Yes, to the extent of [REDACTED] being a fine

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man and asking North if he could assist in getting him

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some form of recognition, which we were unable to do in

9

the Agency.

10

Q When would that have occurred?

11

A [REDACTED]

12

maybe

13

spring or so of '86.

14

Q Of '86. And you had no discussions with Ollie

15

North concerning [REDACTED] prior to that time?

16

A No more than how's [REDACTED]

17

Q When you discussed the commendation for

18

[REDACTED] with North, was that on the telephone or face

19

to face?

20

A It was face to face.

21

Q Where was that?

22

A In North's office.

23

Q I presume you were back in Washington on other

24

business at that time.

25

A Yes, I was.

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1 Q Was North successful in obtaining a  
2 commendation for [REDACTED]

3 A Yes. He told me he was.

4 Q Have you ever seen the commendation?

5 A I have not seen it, no.

6 Q What is your understanding concerning the  
7 nature of the commendation that North arranged?

8 A That North had arranged a letter of  
9 appreciation [REDACTED]  
10 [REDACTED] for all he had done and it was signed, I  
11 think, by the President. I'm not sure. But I called  
12 North and thanked him when I heard that that had been  
13 done.

14 Q Stepping back a little, would you say it was  
15 well known that Ollie North was engaged throughout the  
16 '85 and '86 time frame, time period, in obtaining private  
17 and non-CIA support for the contras?

18 A Well, I don't know how well known it was until  
19 the press reports. I mean, I recall the press reports.

20 Q Those would have been the press reports of  
21 September '85?

22 A September '85, in that period.

23 Q Were you already aware of North's activities  
24 at that time?

25 A No, but that he was friendly with the FDN and

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TOP SECRET//NOFORN

55

1 close to Adolfo Calero, si senior.

2 Q By September of '85 you were aware --

3 A The first reports were coming out, if you can  
4 believe the press, yes.

5 Q Did you ever discuss with [REDACTED] his  
6 relationship with North?

7 A Negative. No. [REDACTED]  
8 [REDACTED]

9 Q You would say, therefore, that your decision  
10 to reactivate [REDACTED] was solely based on what he  
11 could do to assist authorized CIA programs?

12 A Yes.

13 Q He was not taken on for any other purpose?

14 A He was not taken on for any other purpose  
15 other than that he was an outstanding officer.

16 Q Do you have any reason to believe that when  
17 [REDACTED] was located [REDACTED] that he engaged in  
18 activities that were outside his official CIA mission?

19 A No.

20 Q Specifically, do you have any reason to  
21 believe that [REDACTED] provided what could be  
22 characterized as military training to the contras?

23 A The only training that [REDACTED] provided  
24 was in accordance with the agreement [REDACTED]  
25 [REDACTED]

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Q But no training that you would characterize as military?

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A No.

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Q Let's say involving traditional military skills, such as marksmanship, tactical planning, things of that nature?

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A No.

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Q Okay. At this point let us move to another issue that we've already explored. This concerns helicopters. There is an allegation that you may have heard of from one Ian Crawford concerning an incident upon which Crawford alleges that a CIA helicopter carried C-4 plastic explosive to a forward operating area of the contras. Are you aware of that allegation?

18

A I am aware of that allegation.

19

20

Q How did you become aware of that allegation?

21

A From the newspaper article on the individual's reported story.

22

Q So that would have been a few weeks ago?

23

A A little bit more, I think.

24

Q To the best of your knowledge did that

25

incident occur?

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1           A     To the best of my knowledge that incident did  
2     not occur.

3           Q     What was the CIA's or the station's policy  
4     concerning the use of its helicopters at that time by the  
5     FDN?

6           A     Well, if we were moving from one place to  
7     another, for instance out of Yamales coming back and  
8     there was someone wounded, we would bring him back with  
9     us. If on a space-available basis someone wanted to go  
10    down, we would put them on the aircraft and let them come  
11    down with us. But we were not supporting the FDN in any  
12    way.

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8 Q What was the policy of the station or the  
9 base, to the extent that you are aware of it, concerning  
10 use, let's say collateral use of those flights by the  
11 FDN? Let me make this more specific.

12 Were FDN personnel permitted on board the  
13 helicopters?

14 A On a space-available basis, they were allowed  
15 on.

16 Q Was cargo permitted on board the helicopters?

17 A Yes. If we were moving cargo up, we'd put  
18 cargo on board, yes.

19 Q Was there a policy to check or inventory the  
20 cargo that was placed on CIA helicopters by the FDN?

21 A Couldn't do it in every instance. It was just  
22 impossible.

23 Q Well, was there a policy to do so?

24 A I mean actual policy? We were not supposed to  
25 carry any lethal material.

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TOP SECRET/CODEWORD

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1 Q How was that policy implemented? Was there  
2 any inspection of cargoes that were loaded by the FDN?

3 A There should be inspections of cargo, but,  
4 like I say, that's impossible to do in every instance.

5 Q My understanding of Crawford's allegations are  
6 that the incident is said to have occurred in a period of  
7 rather frantic activity by the FDN, during a Sandinista  
8 incursion. Is that your understanding?

9 A No. My understanding is that he flew [REDACTED]  
10 with 2,000 pounds of plastic explosive on a [REDACTED]  
11 helicopter. From what I can determine, the FDN didn't  
12 have that amount of C-4. They didn't have plastic  
13 explosive. The helicopter couldn't carry that much, and  
14 there were no troops [REDACTED] to receive it. So what  
15 he's talking about does not fit into anything that I can  
16 nail it down to.

17 Also, that helicopter could have been the  
18 helicopter that the FDN has. It looks the same.

19 Q Regardless of the FDN's purposes and supplies,  
20 however, there would be no way to guarantee that such  
21 cargo would not have been loaded on the helicopter?

22 A Absolutely guarantee? A 2,000-pound load  
23 would turn the pilot green if it was one of ours.

24 Q Have you ever discussed with anyone how much  
25 cargo might be loaded without anyone noticing?

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TOP SECRET/CODEWORD

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1           A     I think that the pilot would keep a pretty  
2 close tab on weights, and he can certainly tell when he  
3 checks his --

4           Q     Throttle?

5           A     And he gets his pounds and stuff. He knows if  
6 he's overloaded. He can feel it.

7           Q     Crawford also alleges that a CIA officer  
8 [REDACTED] was  
9 involved in this episode. Have you discussed this matter  
10 with [REDACTED]

11          A     Yes, I have discussed this matter with [REDACTED]  
12 [REDACTED]

13          Q     What is his statement? What did he tell you  
14 concerning whether he had given Crawford permission to  
15 fly on the helicopter?

16          A     Well, I recall he did not give Crawford  
17 permission to fly on any of our helicopters. That's not  
18 to say Crawford didn't go out and jump on a helicopter.  
19 The original allegation had [REDACTED] on the helicopter flying  
20 the helicopter, and he did not fly a helicopter. And  
21 into Nicaragua. We've never flown a helicopter into  
22 Nicaragua. Mike does not fly a helicopter and he has  
23 never attempted to fly a helicopter into Nicaragua.

24          Q     Would it have been possible for [REDACTED] to have  
25 been in the co-pilot's seat of the helicopter? Would CIA

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1 officers who were not pilots themselves occasionally take  
2 the co-pilot's seat?

3 A Occasionally.

4 Q And from that seat it would be possible for  
5 neither the pilot nor the person in the co-pilot's seat--  
6 it would be possible that they would not be able to  
7 observe a cargo that was loaded on the helicopter; is  
8 that true?

9 A Well, all you have to do is just turn your  
10 head. I mean, there's nothing that blocks your view from  
11 that seat. You can turn and look at see what's going on  
12 on board. Now you don't know what's in some of the boxes  
13 perhaps, but with at least two individuals -- that would  
14 be [REDACTED] and this fellow -- and 2,000 pounds I don't know  
15 any of our pilots who would do that.

16 Q But, at any rate, it's your understanding that  
17 it would have been fairly easy to observe the contents,  
18 to the extent they were labeled or clearly identifiable?

19 A I don't know. It's difficult. You just don't  
20 know what packages are there. It might be wrapped in  
21 paper. It might be sacked.

22 Q What other steps did you take in the aftermath  
23 of this report to assure yourself that this incident had  
24 not occurred?

25 A I went and asked everyone we could. We

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1 checked with the FDN. We checked and tried to find out  
2 if any flights had been flown down there during that  
3 period, and we couldn't come up with any.

4 Q Were all pilots who could have been assigned  
5 during that period interviewed?

6 A I can't assure that because we have pilots  
7 changing constantly, and I don't know the exact time  
8 frame that that occurred.

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13 Q I see. So if the allegations had concerned a  
14 particular period of time, let's say April of '86, which  
15 I believe --

16 A Did it say April of '86?

17 Q I believe that's the allegation. I don't have  
18 it with me.

19  
20

21 Q To your knowledge, has any effort been made to  
22 interview any individuals who are identified as having  
23 been CIA helicopter pilots in-country at that time?

24 A No, not that I know of.

25 Q At any rate, while it might be possible for

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1 the FDN, for an individual to go upon a CIA helicopter  
2 unobserved, a non-FDN individual, and for the FDN to load  
3 cargo, you believe, based on your policy, that such a  
4 flight would not be into Nicaragua?

5 A Such a flight, as far as we're concerned,  
6 would not be into Nicaragua, that's correct.

7 Q Are there strict instructions regarding the  
8 use of CIA helicopters that prevent them from crossing  
9 the border?

10 A Yes, there are.

11 Q Okay. Enough on that. Let's now proceed to  
12 another one of our big issues -- the contacts that may  
13 have occurred between CIA personnel and the private  
14 benefactor air crews [REDACTED] It's our understanding  
15 that throughout most of, let's say, the past year the two  
16 CIA officers assigned [REDACTED] were called [REDACTED] and  
17 [REDACTED]

18 A [REDACTED] and [REDACTED]

19 Q That was [REDACTED] and [REDACTED]

20 A That's correct.

21 Q It's further our understanding that [REDACTED]  
22 [REDACTED] maintained a residence, although both of them would  
23 not always be present [REDACTED] at the same time [REDACTED]

24 [REDACTED]  
25 [REDACTED] the private air crews that were

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1 making flights into Nicaragua.

2 A Yes.

3 Q Did either [REDACTED] ever approach you or any  
4 of your subordinates who were in the line of command to  
5 raise issues concerning the contacts that they believed  
6 were unavoidable in that situation?

7 A Yes. They raised those questions with [REDACTED]  
8 [REDACTED]

9 Q And what were the instructions he issued?

10 A Their instructions were the instructions that  
11 I gave them and which were reiterated later on, that they  
12 should stay away from the private benefactors and should  
13 not have anything to do with them. It was very difficult  
14 [REDACTED]

15

16

17

You've been to [REDACTED]

18

Q I haven't had the pleasure.

19

A You haven't had the pleasure. Anyway --

20

Q I'm the only one on Capitol Hill who has not  
21 had the pleasure.

22

A You're not missing much. It's a very  
23 restricted environment, and I'm not sure, frankly, how  
24 often they were there, how much time the private  
25 benefactors spent there.

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REF ID: A66760

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1           Q    Have you discussed with ██████████ any advice  
2           or other assistance that they may have provided to the  
3           private benefactor air crews?

4           A    Yes.

5           Q    What is your understanding concerning the  
6           contacts that they had?

7           A    My understanding was as part of the intel  
8           exchange we would pass to the FDN information on air  
9           order of battle in Nicaragua which they used for their  
10          own flights ██████████ and also they would brief the  
11          private benefactor.

12          Q    I'm sorry. "They" in this case meaning the  
13          FDN?

14          A    The FDN, yes. The FDN would brief the private  
15          benefactor pilots.



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24          And I understand that they from time to time came in and  
25          looked at his board, his map, which basically was the

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1 same as the FDN map, which was the same as the FDN map.

2 Q So it's your understanding that the oral  
3 briefing provided by [REDACTED] was it just [REDACTED]

4 A As far as I know.

5 Q Have you also interviewed [REDACTED] on that point?

6 A Yes, we have, but I don't recall -- I didn't  
7 personally talk [REDACTED] about it.

8 Q So you believe the oral briefing was  
9 essentially only a confirmation of the more extensive  
10 briefings which had been provided to the FDN?

11 A Yes.

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Q I wanted to raise one other issue. It's our understanding that Clair George made a trip to Central America [REDACTED] is that correct?

A That is correct.

Q Did Mr. George visit [REDACTED]

A Yes, he did.

Q Did he discuss this matter, namely contacts with the private benefactor air crews, with personnel at [REDACTED]

A He talked to [REDACTED] about it. [REDACTED] talked to him about it.

Q Were you present during this conversation?

A For a portion of it.

Q What was your understanding of the conversation?

A Well, the portion that I came up on, Clair was saying to [REDACTED] just everything you have [REDACTED] the IG [REDACTED] you just tell them the whole story. And that was the only part of it I heard.

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1           Q     Was there also a discussion with respect to  
2     the contacts with the air crews, namely the maps?

3           A     I think so. I can't say. I don't know. I  
4     mean, what I heard when I walked up was Clair saying,  
5     ██████████ you know, just tell exactly what you've told me.  
6     Tell the inspectors.

7           Q     Were you a participant in any discussion by  
8     Mr. George with ██████████ concerning the  
9     helicopter incident that we discussed earlier?

10          A     I don't recall, frankly.

11          Q     Did you yourself discuss with Clair George  
12     this incident while he was in country?

13          A     I may very well have, but I don't recall the  
14     conversation.

15          Q     Returning to the helicopter for a moment, in  
16     view of the fact of the possibility that certain cargoes  
17     might be located on a CIA helicopter and there was no  
18     systematic inspection of cargoes, is it then possible  
19     that there might have been widespread use of CIA  
20     helicopters to deliver limited quantities of lethal  
21     assistance?

22          A     Widespread use? No, I don't think so.

23          Q     How widespread could the use be?

24          A     I can't tell you. I mean, I don't know.  
25     There was not that many flights, frankly. And most

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TOP SECRET//COMINT//FOUO  
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1 flights would have people on board, and if we had an  
2 officer on board they certainly wouldn't put anything,  
3 let anything on board like that.

4 Q There would be a CIA officer on board every  
5 flight in the person of the pilot; isn't that correct?

6 A That's true. But the pilot has many things  
7 he's got to worry about.

8 Q Was it common practice also to have a second  
9 CIA officer on board?

10 A Common practice? Usually he'd be flying the  
11 CIA officer somewhere.

12 Q So except for occasions on which the  
13 helicopter was flying empty of CIA personnel or cargo,  
14 there would commonly be a CIA officer?

15 A Yes, I would think so, yes.

16 Q In view of the fact that there was no  
17 particular procedure for checking cargo, might it be  
18 possible that such an incident may have been repeated in  
19 other circumstances?

20 MS. MC GINN: That's a rather speculative  
21 question.

22 THE WITNESS: I don't know. I really don't  
23 know.

24 BY MR. FINN: (Resuming)

25 Q Agreed. Anyway, you will admit that there was

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TOP SECRET, CONFIDENTIAL  
**UNCLASSIFIED**

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1 no procedure under which cargo was inspected on these  
 2 helicopters?

3 A Cargo was inspected on these helicopters, that  
 4 they could sneak something on board? I can't look in  
 5 every man's rucksack. I can't look in every bag that  
 6 comes on. [REDACTED]

7 [REDACTED]  
 8 Q Would CIA personnel who were passengers or  
 9 crew of these helicopters receive specific instructions  
 10 not to permit lethal -- quantities of lethal supplies on  
 11 board?

12 A Yes.

13 Q I take it the FDN individuals were permitted  
 14 to take their personal weapons.

15 A Yes, they would have their personal.

16 Q It would have been a violation of policy for a  
 17 CIA officer, therefore, on such a flight to observe  
 18 lethal assistance that was not a personal weapon on board  
 19 and not to object to its inclusion in the cargo?

20 A It depends what it was for.

21 Q Could you elaborate on that?

22 A Okay. Suppose we were taking materiel from  
 23 [REDACTED] to [REDACTED] Suppose  
 24 we're bringing something down for [REDACTED]  
 25 [REDACTED]

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1 [redacted] I think that would be allowed.

2 Q You are saying that a limited quantity of  
3 lethal material might be permitted when the helicopters  
4 were going to, let's say, an undefended, hazardous  
5 [redacted] area?

6 A No. If they were going to a place where  
7 security is required [redacted]

8 [redacted]  
9 [redacted]  
10 [redacted]  
11 [redacted]  
12 [redacted]

13 Q Were any specific guidelines or instructions  
14 formulated concerning how much lethal equipment could be  
15 brought [redacted] ?

16 A No.

17 Q So it was generally permitted to take lethal  
18 equipment to [redacted] ?

19 A To [redacted]

20 [redacted]  
21 [redacted]  
22 [redacted]  
23 [redacted]  
24 [redacted]  
25 [redacted]

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1 Q So you are saying, my interpretation of what  
2 you are saying is that lethal equipment would be  
3 permitted to be carried to [REDACTED] providing it was  
4 defensive?

5 A If it was a defensive thing for a place where  
6 an American is going to be, okay, where Americans go and  
7 visit, where Americans have to [REDACTED] or make sure  
8 machinery is working right, I would say yes, we could do  
9 that.

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13 Q If we may, at this point let's just review  
14 again some of the contacts you may have had with some of  
15 our leading players in this drama. You mentioned that  
16 you contacted Ollie North, had a meeting with Ollie North  
17 on the occasion of seeking a commendation for [REDACTED]

18 [REDACTED]  
19 A Yes.

20 Q I believe you mentioned on a previous occasion  
21 to me that you had one other meeting of a personal  
22 nature.

23 A I have had a couple of meetings with Ollie of  
24 a personal nature.

25 Q But none of those involved anything related to

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1           contra assistance?

2           A     No.

3           Q     Can you say generally when those occurred?

4           A     '85, early '86, something along those lines.

5           Q     In addition you met North in connection with

6     the [REDACTED] meeting [REDACTED] in August of '84?

7           A     August of '84, and also [REDACTED].

8           Q     What was the occasion [REDACTED]?

9           A     We had the visit [REDACTED]

10 [REDACTED]

11 [REDACTED]

12           Q     I believe also North may have visited

13 [REDACTED] in December of '85. Did you see him then?

14           A     Is that [REDACTED]?

15           Q     No. I believe it was a visit of North [REDACTED]

16 [REDACTED]

17           A     No, no. The only time I saw him at [REDACTED]

18     was when [REDACTED]. That's where the meetings

19     were.

20           Q     So that was, I believe, December 11 of '85?

21           A     I don't know what the date was. That sounds

22     reasonable.

23           Q     Were you aware that there was a follow-up [REDACTED]

24 [REDACTED]

25           A     I don't remember it.

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1 Q Can you reconstruct, to the best of your  
2 recollection, the visits by [REDACTED] I  
3 presume he would commonly come [REDACTED]

4 [REDACTED]  
5 A He would come on those visits [REDACTED]  
6 [REDACTED] everyone who played a leading role in Central  
7 America.

8 Q Did he also pay visits by himself or with  
9 other CIA staff?

10 A He has been [REDACTED] by himself, yes.

11 Q Do you recall a trip [REDACTED] by [REDACTED] in  
12 connection with trips elsewhere in the region in the  
13 spring of '86?

14 A No. I mean, I'm sure there were trips.

15 Q Do you recall a trip in that time period in  
16 which [REDACTED] was [REDACTED] but called over to [REDACTED]  
17 [REDACTED] or at any rate proceeded to [REDACTED]

18 A Um-hum. I've heard of that trip.

19 Q You have no recollection of it as such?

20 A No, I don't.

21 Q Richard Secord. What knowledge do you have of  
22 this individual?

23 A Oh, I knew Richard Secord for a number of  
24 years.

25 Q Let's say after 1984, the beginning of 1984.

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1 Have you seen Secord?

2 A Yes. I saw Secord in '84. I think it was in  
3 '84.

4 Q What was the nature of that contact?

5 A Well, I ran into him. I'm not sure how it  
6 occurred. But he invited me to stop by his place for a  
7 cup of coffee. I'm not sure if it was '84 or '85. And I  
8 did.

9 Q That was his home?

10 A Yes.

11 Q Did he have any specific reason to see you at  
12 that time?

13 A It was more just shooting the breeze, as I  
14 recall.

15 Q Did he make any statements, to your  
16 recollection, that would indicate that he was involved in  
17 private support to the contras?

18 A No.

19 Q Did he give you any reason to believe that he  
20 sought something or sought some assistance from you with  
21 respect to that?

22 A No. No, sir.

23 Q Have you seen Secord since that time?

24 A No, I have not.

25 Q Thomas Clines. Have you known Mr. Clines?

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1           A     Yes.

2           Q     This is, once again, in previous CIA service?

3           A     Yes. We served together [REDACTED]

4           Q     When is the last time you saw Mr. Clines?

5           A     It was at Secord's house.

6           Q     At that same function?

7           A     Yes.

8           Q     Did Secord or Clines explain why they were

9 together at that time?

10          A     No, they did not.

11          Q     Was this a family function?

12          A     It was just in the morning.

13          Q     Just the three of you?

14          A     And Secord's wife.

15          Q     Did Clines give you any reason to believe that

16 he was involved in Central American-related things?

17          A     No.

18          Q     Did he seek any assistance from you?

19          A     No, he did not.

20          Q     Did you put any special significance on the

21 fact that Secord had invited you in this time period over

22 to coffee at his home with Clines?

23          A     No. We lived in the same neighborhood.

24 Actually I had seen him from time to time, you know, in

25 the Safeway or the Giant.

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1 Q Do you recall the nature of the discussion you  
 2 did have at that time?

3 A No, I don't. It was just a general how are  
 4 you doing type of thing. Have a cup of coffee.

5 Q How long did that last?

6 A Forty-five minutes, an hour at the most.

7 Q Can you be slightly more specific on the  
 8 dates? In the early '85 time frame?

9 A I really don't know what the dates were.

10

11

12

13 Q June of '84. Was it sometime long after that?

14 A No, I don't think so.

15 Q It would have been in the period, let's say,  
 16 when the program was winding down or had wound down?

17 A Winding down or had wound down, yes.

18 Q Rob Owen. Are you familiar with that  
 19 individual?

20 A Yes.

21 Q Have you met him a number of times?

22 A No.

23 Q Can you recall the times in which you did meet  
 24 him?

25 A I met him once

TOP SECRET//COMINT//SI  
**UNCLASSIFIED**

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1 Q One time only, to your recollection?

2 A One time only, to my recollection.

3 Q How did he come to your attention?

4 A He was working for NHAO and was working with  
5 the Indians on building a hospital [REDACTED]

6 Q Did he come in to your office on his own  
7 initiative or was he brought in by someone?

8 A I don't recall how it happened, frankly. He  
9 was [REDACTED] on official business and I was  
10 introduced to him.

11 Q Do you recall any other references to Owen in  
12 the cable traffic or in other ways concerning [REDACTED]  
13 [REDACTED] support for his activities in connection with  
14 NHAO?

15 A No.

16 Q Bob Dutton. Do you know Mr. Dutton?

17 A (Node in the negative.)

18 Q Never met Mr. Dutton?

19 A To the best of my recollection I've never met  
20 Mr. Dutton.

21 Q That's always safe to add. Richard Gadd.  
22 Have you met Gadd?

23 A To the best of my recollection I've never met  
24 Mr. Gadd.

25 Q You stated that you knew Felix Rodriguez [REDACTED]

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- 1 [REDACTED]
- 2 A Yes.
- 3 Q Have you seen him at any time since [REDACTED]
- 4 [REDACTED]
- 5 A No.
- 6 Q Have you met Mr. Rafael Quintero?
- 7 A No, to the best of my recollection.
- 8 Q Sometimes called Chi-Chi Quintero?
- 9 A No.
- 10 Q You stated in your previous interview that you
- 11 were not in possession of a KL-43 communications device;
- 12 is that true?
- 13 A That's true. I have no and have not had a KL-
- 14 43 communications device.
- 15 Q What is your understanding of CIA policy
- 16 concerning communications using such devices?
- 17 A Verboten.
- 18 Q Have you seen an approval from anyone to have
- 19 or use such a device?
- 20 A I have not.
- 21 Q Including the Director?
- 22 A I have not, no, including the Director.
- 23 Q I believe you were the fortunate recipient of
- 24 an intelligence award last year; is that correct?
- 25 A Yes, I was.

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Q You have no reason to believe that this award was issued for any support you may have -- let's say unauthorized support you may have conducted for the contras?

A No.

Q Thank you.

At this point I'd like to ask you some

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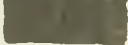
1 questions about just a few cables.

2 A Okay.

3 Q Or most of which appear to be cables. And I'd  
4 just like to get your comments on a few of them.

5 Actually the first item here is not a cable. I have a  
6 document here that I'd like the transcriber to mark as

7  Exhibit 1.

8 (The document referred to was  
9 marked  Exhibit Number 1  
10 for identification.)

11 This is not written by you, and I apologize  
12 for the quality of the reproduction. Let me call your  
13 attention to the second paragraph, and this is what we  
14 believe, for your information, to be a so-called PROF  
15 note by Ollie North to, I believe, Admiral Poindexter,  
16 although the recipient is not clear.

17 In the middle of the second paragraph, let me  
18 read it to you since the quality is so poor --

19 A Okay.

20 Q There is a discussion in that paragraph 

21

22

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24 A When is this?

25 Q The note is written in September of '85.

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TOP SECRET / NOFORN

1 A I see.

2 Q At any rate, North says in this note or  
3 appears to say the following:

4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED] Did  
11 ever approach you for that purpose? .

12 A Negative.

13 Q Do you recall this incident

14 [REDACTED]  
15 A  
16 [REDACTED]  
17 There would be no reason for him to talk to  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]  
23 [REDACTED]  
24 [REDACTED]  
25 [REDACTED]

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TOP SECRET / NOFORN

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2 Q I'm only bringing this to your attention since  
3 you are mentioned. You have the fortune or misfortune to  
4 be mentioned in that particular PROF note. You will also  
5 be relieved to hear that's the only one I can find.

6 I give you another document which appears to  
7 be a cable. It's what appears to be a fragment of a  
8 cable, and I ask the transcriber to mark that as [REDACTED]  
9 Exhibit Number 2.

10 (The document referred to was  
11 marked [REDACTED] Exhibit Number 2  
12 for identification.)

13 This appears to be a fragment of a cable from  
14 [REDACTED] on October 28 of '85, and if you look  
15 at paragraph C there the first sentence states, I believe  
16 -- correct me if I'm wrong -- "the word from all  
17 Washington sources until ref" -- which I believe is  
18 another cable -- "was that reimbursement for air drops of  
19 humanitarian assistance inside Nicaragua was, repeat was,  
20 within NHAO charter and would be approved."

21 Do you recall this cable?

22 A No. Frankly, I don't.

23 Q Is this cable, to the best of your knowledge,  
24 accurate in saying that the decision was made in this  
25 time frame, October '85, not to pay by NHAO for flights

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1 into Nicaragua [REDACTED]

2 (Pause.)

3 Do you agree that this cable appears to  
4 indicate that you, or at least [REDACTED] believed at  
5 some point that NHAO would pay for flights into Nicaragua  
6 [REDACTED] and a decision was made on or  
7 about this point, October of '85, not to go ahead with  
8 that?

9 A Um-hum.

10 Q Do you have any further recollection of this?

11 A Frankly, I do not.

12 Q Do you agree that it appears to be accurate?

13 A That's what it appears to say, yes.

14 Q So you don't remember any time in which [REDACTED]  
15 [REDACTED] was planning for or assuming in this period,  
16 which is under the humanitarian program, that the  
17 humanitarian program would pay for flights into  
18 Nicaragua?

19 A That's correct.

20 Q Let me bring your attention to another cable  
21 which I'll ask the transcriber to mark as [REDACTED]  
22 Exhibit 3.

23 (The document referred to was  
24 marked [REDACTED] Exhibit Number 3  
25 for identification.)

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1                    This one also appears to be a cable, a copy of  
2 a cable from [REDACTED] November 22 of '85. If  
3 you will look at the second page of this document  
4 concerning air activities -- now this is in November of  
5 '85 -- there is a discussion here of procurement of a C-  
6 123 aircraft by the FDN. Do you have any recollection of  
7 this arrangement?

8                    A     Where does this say this now? Oh, down on the  
9 bottom.

10                   Q     The second full paragraph of paragraph C.  
11                         (Pause.)

12                         Do you recall this cable?

13                    A     No.

14                    Q     This cable would appear to indicate that the  
15 specific C-123 aircraft was already under consideration  
16 at that time by the FDN. Does that trigger your  
17 recollection?

18                    A     It may be, but it does not trigger me any  
19 recollection now.

20                    Q     Do you have any reason to believe this  
21 aircraft was one of the aircraft that was later used by  
22 the private benefactor organization?

23                    A     No.

24                    Q     You have no further recollection of the FDN  
25 planning for procurement of such air services by a C-123

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1 aircraft?

2 A No. I'm sorry. I don't.

3 Q Would you agree with me that the way the cable  
4 is drafted it would appear that the specific aircraft had  
5 already been under consideration? I call your attention  
6 to the phrase "if the FDN can procure the C-123 aircraft,  
7 as now planned".

8 A I would not read it that way, though. I would  
9 read it as a C-123. I wouldn't see any particular. The  
10 C-123 as just being any C-123.

11 Q I see. And the phrase "as now planned" just  
12 refers to any C-123 that they may be able to obtain?

13 A That's correct. It also may be a minor point,  
14 but this is a C-123 and the other is a C-123K, which is a  
15 much different aircraft.

16 Q Would this be an aircraft of choice for this  
17 sort of operation, a C-123 or C-123K, for that matter?

18 A Well, I don't know. It depends, you know, on  
19 personal -- through the FDN. You know, it depends what's  
20 available.

21 Q Are there a lot of these aircraft in  
22 circulation?

23 A I would doubt it, frankly.

24 Q What is the origin of this aircraft? Is it a  
25 U.S. military aircraft originally?

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TOP SECRET CODEWORD  
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1           A     (Nods in the affirmative.)

2           Q     Developed in connection with the Vietnam  
3     period?

4           A     I think it was before Vietnam. It goes back a  
5     long way. It's sort of a small C-130.

6           Q     But even despite the fact that there aren't  
7     too many around you don't recall any specific aircraft or  
8     firm being under consideration by the FDN?

9           A     No. The thing is, I recall back in that time  
10    the FDN was getting all sorts of offers, people who were  
11    going to provide aircraft for certain amounts of money, a  
12    number of which I think were not valid.

13          Q     I call your attention to one further statement  
14    in that cable before we're finished. It's the last  
15    sentence, just before the number 3, about four-fifths, I  
16    guess, of the way down the page. It provides further  
17    information about the C-123 and says: "The C-123s are to  
18    come from outside the country and parent firm unknown  
19    locally."

20                   I would suggest that that appears to indicate  
21    that [REDACTED] had some further information about the  
22    C-123. Does that trigger any recollection?

23          A     No, it does not.

24          Q     I bring another cable to your attention -- and  
25    this is more painful for me than it is for you because I

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TOP SECRET CODE WORD  
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1 had to read all these things the first time at CIA and  
2 the second time in our own system trying to find them,  
3 since they keep changing the numbers on me.

4 I would ask the transcriber to label this one

5 [REDACTED] Exhibit 4.

6 (The document referred to was  
7 marked [REDACTED] Exhibit Number 4  
8 for identification.)

9 This is a copy of a cable [REDACTED]  
10 [REDACTED] on 5 November 85. Perhaps you could read the  
11 first paragraph of this cable.

12 (Pause.)

13 Am I correct in assuming that [REDACTED] is  
14 Calero?

15 A Yes.

16 Q Would you agree with me that this paragraph  
17 seems to indicate that Calero has had contact with  
18 someone in Washington concerning humanitarian deliveries  
19 and was advised that a Mr. Olmstead would have some role  
20 in this?

21 A That's the way it reads.

22 Q There is a further sentence, further clause,  
23 that indicates that Olmstead will be communicating via  
24 CIA channels. Is that accurate?

25 A That's what it says.

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1 Q Have you ever met this Olmstead?

2 A No, I have not.

3 Q Have you ever met anyone you suspected was Mr.  
4 Olmstead or was passing himself to be Mr. Olmstead?

5 A No.

6 Q Did the communication referred to in this  
7 cable occur through CIA channels?

8 A Not that I recall. I would assume this would  
9 be going back to -- well, humanitarian assistance.

10

11

12

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14 Q Do you recall this incident?

15 A I don't recall this incident at all.

16 Q Did you have any reason to believe at this  
17 time that individuals outside the U.S. Government were  
18 about to play a role in the conduct of the humanitarian  
19 assistance program?

20 A No.

21 Q At any rate, despite this mention you have no  
22 further information concerning Olmstead's activities --  
23 any communications that may have occurred or the like?

24 A No, I have no idea who Olmstead is.

25 Q And looking at this cable now you don't have

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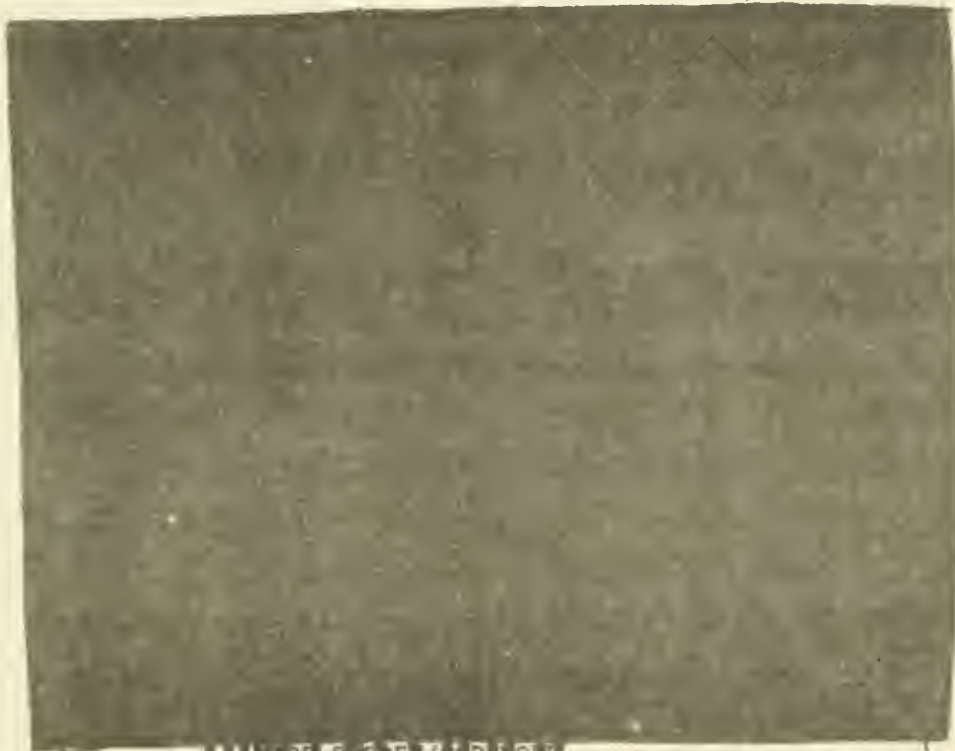
92

1 any additional recollection concerning what Calero  
2 expected from Olmstead in terms of information or  
3 services?

4 A No, sir.

5 Q All right. Let's go on to the next one then.  
6 This one is on a slightly different subject. I'll ask  
7 the transcriber to label this folder as [REDACTED]  
8 Exhibit 5.

9 (The document referred to was  
10 marked [REDACTED] Exhibit Number 5  
11 for identification.)



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Q Did the discussions include discussion of the possibility that NHAO flights [REDACTED] could be resumed in support of the resistance?

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7

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A As I recall, that was the reason [REDACTED]

9

10

Q Was there also a discussion of permitting the

11

FDN to resume its own support flights into Nicaragua [REDACTED]

12

13

A I don't recall that.

14

Q I draw your attention to paragraph 5(a) on the

15

second page of this document, in which you or the writer

16

of the cable states that restrictions on NHAO flights are

17

not the most immediately pressing obstacle, that the most

18

serious one is the restriction on resupply flights into

19

Nicaragua.

20

A These were NHAO flights, too, right, or NHAO-

21

paid-for flights?

22

Q Well, I don't know. I believe you said

23

earlier in this interview that you weren't aware that

24

NHAO was paying for flights into Nicaragua.

25

A I was not until I read this. I thought this

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1 said something or one of the cables talked about [REDACTED]  
2 and [REDACTED] was the FDN-chartered aircraft.

3 Q Actually it would appear to me that this  
4 sentence, these two sentences, beginning after paragraph  
5 5(a) seem to indicate that a greater concern than the  
6 NHAO flights were the other flights, whether they be NHAO  
7 or otherwise, which were being sent into Nicaragua [REDACTED]

8 [REDACTED] Is that your understanding of the situation?

9 A I don't know.

10 MS. MC GINN: Why don't you read the whole  
11 cable? It might give you a better idea.

12 (Pause.)

13 THE WITNESS: Okay.

14 BY MR. FINN: (Resuming)

15 Q It would appear to me that in this document,  
16 in which you or someone under your authority [REDACTED]  
17 [REDACTED] is discussing issues that would arise [REDACTED]

18 [REDACTED] One of  
19 the issues that will come up for discussion is the issue  
20 concerning whether [REDACTED] the FDN or  
21 someone to mount flights [REDACTED] into Nicaragua to  
22 resupply FDN units; is that correct?

23 A That's correct.

24 Q You stated just before, I believe, that you  
25 recalled the primary reason [REDACTED] was

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1 to resume the NHAO flights [REDACTED] from the U.S.

2 A Um-hum.

3 Q Do you now also recall that there was

4 discussion of the issue concerning whether [REDACTED]

5 [REDACTED] some flights to be launched [REDACTED]

6 into Nicaragua?

7 A No, I don't.

8 Q Would you agree that it would appear, based on  
9 this, that you were certainly planning for a discussion  
10 of that issue?

11 A Yes.

12 Q But you can't recall the issue came up?

13 A I can't recall the issue came up, no.

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Q Now you will agree that there was a problem in getting [REDACTED] these flights to resume at this point?

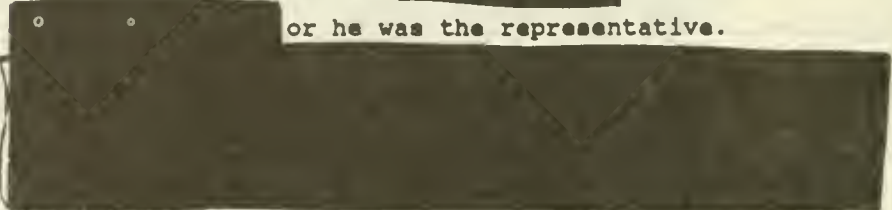
A Okay. This is the FDN [REDACTED]

Q I don't know what aircraft is being referred to, but some flights [REDACTED]

A If you're reading this in the current situation, in which drops are performed by a commercial firm with a local representative, that is the FDN [REDACTED]

Q Okay. So you do recall that there was a problem [REDACTED] letting the FDN resume its [REDACTED] deliveries?

A I don't recall that, but that is the aircraft. they are discussing here [REDACTED] which belonged to [REDACTED] or he was the representative.



Q I presume the matters described in this cable

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1 were policy matters of some importance.

2 A Um-hum.

3 Q Would you usually become aware of such issues  
4 [REDACTED] had raised such important concerns?

5 A Well, it was sent to me [REDACTED]  
6 [REDACTED]

7 Q You believe you did read it?

8 A I'm sure I did. I read all the traffic. If  
9 I'm not there, I read it when I get back, so I would have  
10 read this. It's 1985. It's just too far back for me.

11 Q So you would agree that this cable seems to  
12 indicate that [REDACTED] had anyway heard [REDACTED]  
13 concerns about the flights into Nicaragua by the FDN?

14 A Yes. There were concerns at this particular  
15 time, for whatever reason I don't know. I mean, we have  
16 to be looking for other cables and put this all together  
17 in a complete package. This is also an intelligence  
18 report out on this, too. So that reading this one cable,  
19 to get the full picture you'd have to see the whole  
20 thing. You don't have those others?

21 Q No, I don't have them.

22 At any rate, regardless of the fact that these  
23 issues were being floated [REDACTED]  
24 you can't recall any discussion [REDACTED]

25 [REDACTED] of the resumption of the FDN flights into

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1 Nicaragua?

2 A No, I don't recall it.

3 Q To the best of your recollection [REDACTED]

4 [REDACTED] related solely to the resumption of  
5 the NHAO flights into country?

6 A That's right.

7 Q Do you recall any discussion [REDACTED]

8  
9  
10

11 A No, I don't recall that. I think by that time  
12 there was no way [REDACTED] -- I mean,  
13 that wouldn't have worked. I don't see how it could have  
14 worked.

15 Q So you don't think there would have been a  
16 plan [REDACTED]

17  
18

19 A I don't recall that. There may have been a  
20 plan at one time, but I certainly don't recall that from  
21 this meeting.

22 Q Let me show you the next set of cables. I  
23 will ask the transcriber to mark them as [REDACTED]  
24 Exhibit 6.

25

(The document referred to was

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1 marked [REDACTED] Exhibit Number 6  
2 for identification.)

3 MS. MC GINN: I'll ask the witness to review  
4 the entire cable, please.

5 MR. FINN: While there is a lengthy package at  
6 this point, shall we have a short break?

7 (A brief recess was taken.)

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Q Now this cable is not specific on the issue of what flights are in question. Is it your understanding that this solely relates to the NHAO flights, or does

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1 this also relate to FDN flight activities which we  
2 discussed earlier?

3 A I don't know, frankly.

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1 Q Let me call your attention, then, to the final  
 2 cable in this set, which is from CIA headquarters  
 3 addressed [REDACTED] on a priority basis. This is  
 4 Director 665928. In summary this cable appears to  
 5 indicate that whatever plan that may have been under  
 6 consideration [REDACTED]  
 7 [REDACTED] had  
 8 been put aside and a decision was perhaps wisely made to  
 9 forego that option.

10 Is that your reading of this cable?

11 A Yes.

12 Q Do these cables change your recollection of  
 13 whether there was some discussion [REDACTED]  
 14 [REDACTED] of which you have some knowledge concerning  
 15 the proposal to start NHAO flights again [REDACTED]  
 16 [REDACTED]

17 A No, I don't recall that.

18 Q Even reading these cables you still can't  
 19 recall it?

20 A Even reading those cables, no.

21 Q You would agree, though, the cables appear to  
 22 indicate that such an effort was made?

23 A Yes, it appears that such an effort was made.

24 Q Let me give you another compilation of cables.  
 25 I'll ask the transcriber to call this [REDACTED] Exhibit

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1 Number 7.

2 (The document referred to was  
3 marked [REDACTED] Exhibit Number 7  
4 for identification.)

5 It's basically two cables. The first is  
6 substantive and the second provides the identities,  
7 appears to provide the identities of the individuals in  
8 the first.

9 A Okay.

10 Q To the best of your knowledge did this follow-  
11 up team referred to in the cable, [REDACTED]  
12 [REDACTED] actually visit [REDACTED]

13 A I don't recall their coming, no.

14 Q Do you agree that the team which is indicated  
15 here appears to include Deputy Assistant Secretary of  
16 State Bill Walker, Lieutenant Colonel North from NSC, and  
17 an individual named Chris Arcos from the NHAO office?

18 A Yes.

19 Q Reference is also made to an individual  
20 identified as [REDACTED] who I believe to be [REDACTED] *C/CATI-*  
21 is that correct?

22 A That's correct.

23 Q I'm learning. You do not recall whether this  
24 visit was actually made?

25 A No.

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1 Q You therefore do not recall whether you were  
2 present in any discussions that this team may have had [REDACTED]

3 [REDACTED]  
4 A No. I was on family visitation, I believe, at  
5 that time.

6 Q Does this cable trigger any recollection  
7 concerning what the subject for discussion was at this  
8 time?

9 A No, it does not.

10 Q It probably would be useful to recall that

11 [REDACTED]  
12 [REDACTED]  
13 there was a discussion of plan to resume assistance, some  
14 form of flights, perhaps NHAO flights, but ultimately  
15 approval [REDACTED] was sought but that  
16 approval would not be forthcoming until a briefing was  
17 conducted. It would appear that this cable describes the  
18 arrangements for that briefing to be made.

19 Do you agree that that appears to be the  
20 sequence?

21 A I don't know, to tell you the truth, if it is  
22 or isn't. I believe maybe you can tell me if this visit  
23 took place.

24 Q I'm sorry. I have no information on that.

25 A I don't think it did, because I don't recall

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1       them coming down like that or going to [REDACTED] The  
2       only visit I recall being at [REDACTED] was the one that  
3       we previously discussed.

4               Q     Do you recall any other visit with other  
5       arrangements or another time in which a team like this  
6       one would have conducted that briefing that was requested

7       [REDACTED]  
8               A     I don't recall that.

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15              Q     Okay. Now on a different subject, back to the  
16       various flights themselves, I would show you another  
17       exhibit which I would ask the transcriber to identify as  
18       [REDACTED] Exhibit Number 8.

19                                   (The document referred to was  
20                                   marked [REDACTED] Exhibit Number 8  
21                                   for identification.)

22                                   This appears to be a cable from the  
23       [REDACTED]

24                                   (Pause.)

25               A     Okay.

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1 Q I think perhaps we should just go through this  
2 paragraph by paragraph since I, for one, and perhaps you,  
3 have difficulty figuring out which exact flights are  
4 referred to in the various paragraphs. I'm sorry also  
5 that I do not have the cable which is referred to in this  
6 cable.

7 At any rate, paragraph one appears to indicate  
8 that flights were planned for the 25th of February of  
9 '86, which I presume to be NHAO flights, which were going  
10 to be required to stop [REDACTED] prior to proceeding to

11 [REDACTED] Is that your interpretation of paragraph one?

12 A That's what it appears to say, yes.



20 Q This stop in [REDACTED] which is described  
21 appears to indicate that there would be no pick-up of  
22 material [REDACTED] Do you recall any further  
23 specifics of the flight in question?

24 A Well, no. I don't recall the flights,  
25 frankly.

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Q When flights of this nature originated in the United States and went [REDACTED] and landed, was there further supply activity that you are aware of?

A No.

Q Do you recall when flights of this nature arrived [REDACTED] based on the intelligence reports that you received [REDACTED] whether they also contained lethal assistance?

A I don't recall.

Q I point your attention in paragraph two to the aircraft route, which is somewhat unusual [REDACTED]

The reference to [REDACTED] I suspect is a

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1 reference to a drop or a loiter time over Nicaragua;  
2 would that be correct?

3 A I don't read it that way at all.

4 Q So you believe the aircraft actually went to  
5 [REDACTED]

6 A Yes. They had materiel that they bought [REDACTED]  
7 [REDACTED]

8 Q Do you recall what that was?

9 A Boots, uniforms.

10 Q Were there any lethal supplies coming [REDACTED]  
11 [REDACTED] at that time?

12 A I don't know. I don't know of any lethal  
13 supplies [REDACTED] that came via air, no.

14 Q This would appear to be a NHAO-supported  
15 flight. Would NHAO pay the leg to [REDACTED] and return  
16 [REDACTED]

17 A I don't know.

18 Q Do you agree that the flight route seems  
19 rather odd [REDACTED]  
20 [REDACTED]  
21 [REDACTED]

22 [REDACTED] What would explain that  
23 routing?

24 A I don't know, [REDACTED]  
25 [REDACTED]

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Q So you mean the aircraft, even returning from

3

4

A Would have to stop [REDACTED] yes.

5

6

Q Paragraph three makes a reference to [REDACTED] aircraft, which was apparently associated with the FDN.

7

8

Is this the aircraft in question or is this a different aircraft?

9

10

A I think at this time the only aircraft I knew about is [REDACTED] aircraft.

11

12

Q You believe the flights discussed in the first two paragraphs also involved that aircraft?

13

14

A No. Might be, but I don't know.

15

16

Q It would be unlikely, wouldn't it, for [REDACTED] to fly to CONUS?

17

18

19

20

21

22

A Anyway, it would appear from this that in February of '86 [REDACTED] was quite aware that there was an issue concerning getting the lethal materials over from [REDACTED] at least aware that the FDN was making arrangements to do that, based on paragraph three.

23

24

A You mean the FDN would remove those lethal materials [REDACTED]

25

Q That's correct.

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1 A Um-hum.

2 Q Paragraph four is the first reference I see to  
3 the Caribou. Does this trigger a recollection of when  
4 the Caribou arrived on the scene?

5 A No.

6 Q Do you agree that this would appear to  
7 indicate that in February of last year [REDACTED] was  
8 aware that the third country crews were being sought for  
9 Caribou aircraft and that these crews would conduct  
10 drops, or it was planned that these crews would conduct  
11 drops into Nicaragua?

12 A It looks that way from here, but you'd have to  
13 look at the reference and see what the reference said.  
14 This isn't coming out of the blue like this. Obviously  
15 it refers to this cable.

16 Q The last sentence of paragraph four your  
17 station asks that the Director, I presume headquarters,  
18 if not [REDACTED] -- perhaps [REDACTED] -- to advise  
19 on tail number and crew characteristics of the Caribou.  
20 Why would they advise [REDACTED] concerning  
21 these matters?

22 A I don't know. I'd really have to see what we  
23 were answering. You really can't take this by itself.

24 Q I believe you stated earlier that the FDN  
25 would arrange for the clearances for flights [REDACTED]

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TOP SECRET FROTHWOOD

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[REDACTED]

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A To the best of my recollection, yes.

3

4

Q Without seeing the other cable, would you say that this appears to indicate that [REDACTED] was interested in flight clearance information?

5

6

A I really don't know.

7

8

Q Okay. Let me bring your attention to a few intelligence reports that may have originated [REDACTED]

9

and ask the transcriber to mark these two intelligence

10

reports as [REDACTED] Exhibit 9.

11

(The document referred to was

12

marked [REDACTED] Exhibit Number 9

13

for identification.)

14

A Okay.

15

16

Q Would you agree that these appear to be two intelligence reports from February of 1986 which describe flights by L-100 aircraft?

17

18

A Yes.

19

Q Could you identify the FDN [REDACTED]

20

[REDACTED] which is mentioned in these reports?

21

A [REDACTED] would appear to be

22

[REDACTED]

23

Q Is that a term of art or a routine description

24

[REDACTED]

25

A I'm not sure, frankly.

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TOP SECRET FROTHWOOD

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1 Q Are you fairly confident in that  
2 identification?

3 A I would say I was fairly confident, yes.

4 Q Can you identify [REDACTED] located as the  
5 [REDACTED] of the FDN?

6 A That would be [REDACTED]

7 Q So with respect to both of these intelligence  
8 reports it would appear that an L-100 aircraft twice made  
9 flights [REDACTED] to [REDACTED]

10 A Yes.

11 Q Would you agree that the first report, which  
12 is CIA 744315, indicates that that aircraft delivered a  
13 certain quantity, less than ten percent, of lethal  
14 materiel in addition to its non-lethal cargo?

15 A That's what the report says, yes.

16 Q Would you also agree that the report indicates  
17 that this was a NHAO-supported flight?

18 A Yes.

19 Q What would be the source of this type of  
20 information, in your best estimate?

21 A Well, information of this sort would come from  
22 [REDACTED]

23 Q So the personnel [REDACTED] would commonly  
24 [REDACTED] for this flight?

25 A That's correct.

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1 Q And [REDACTED] would then, based on this  
2 intelligence information, prepare a draft report of some  
3 kind on the matter?

4 A That's correct.

5 Q The second report, which is CIA 748208, seems  
6 to indicate that the same aircraft shortly thereafter  
7 made another delivery [REDACTED] to [REDACTED]. Do you  
8 agree?

9 A That's correct.

10 Q If you look at what appears to be a summary [REDACTED]  
11 [REDACTED] of that flight, at the bottom of the second  
12 paragraph which is on page two, the third item from the  
13 end, you will find reference to what I believe to be  
14 lethal equipment in the form of 500 boxes of C-4  
15 explosives, 100 boxes containing 7.2 -- I'm sorry, 7,200  
16 M-79 grenades; is that correct?

17 A That's correct.

18 Q So you would agree that this flight also  
19 contained a certain amount of lethal as well as non-  
20 lethal equipment?

21 A That's correct.

22 Q I draw your attention in this document, the  
23 second document, once again to the first paragraph, which  
24 says that [REDACTED] flight which originally had been  
25 scheduled was unable to go, which resulted in the L-100

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1 making this flight. Do you agree that that seems to be  
2 true?

3 A Yes, it is.

4 Q You had stated earlier, I believe, that [REDACTED]  
5 [REDACTED] was operated either by or under contract to the FDN;  
6 is that correct?

7 A That's correct.

8 Q Do you have any information concerning whether  
9 the second L-100 flight mentioned here was supported by  
10 NHAO or whether it was also contracted by the FDN?

11 A I don't know. All I can do is read the  
12 report, where on the first one -- now these reports were  
13 sent out within two days of each other and on one we say  
14 it's chartered by NHAO. On the second one we say it  
15 carried for UNO-FDN. But from reading this it would  
16 appear we have two separate charters.

17 Q So you believe that the phraseology indicates  
18 that the second flight was not a NHAO-supported flight?

19 A Yes, sir.

20 Q Do these cables reflect your understanding of  
21 what the policy was regarding the use of NHAO aircraft,  
22 that is, that a NHAO delivery [REDACTED] could pick  
23 up lethal equipment [REDACTED] but that NHAO funds  
24 could not be used to make shuttle flights [REDACTED]  
25 to [REDACTED]

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TOP SECRET CODEWORD

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1           A     I'm not sure exactly what the rules were as  
2     far as shuttle or passage or what. But there was what  
3     they called that ten percent rule, that they could put,  
4     if there was space available. But I must say both these  
5     are not completely clear. The second one is not  
6     completely clear, but it looks that way to me.

7           Q     I certainly agree. In view of the fact that  
8     the CIA was chartered or understood its mission to be to  
9     assist in the implementation of the NHAO program,  
10    wouldn't it be necessary to conduct that mission to  
11    understand what NHAO policies were?

12          A     Yes.

13          Q     But still you yourself do not seem to know  
14    specifically what the policy was with respect to NHAO.

15          A     Not after this time difference. After the  
16    time that this occurred, I'm sorry, I just don't remember  
17    it. At the time I would have known what it was, but I'm  
18    sorry I no longer recall.

19          Q     So you would say that you were prepared to  
20    monitor NHAO flights at the time they were occurring and  
21    had an understanding of the relevant policies?

22          A     I had an understanding of the relevant  
23    policies. I don't know what you mean by "monitoring the  
24    NHAO flights". I was not responsible for NHAO flights,  
25    but any material that was brought in we would report on.

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TOP SECRET NO KEYWORD

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1 Q If the information available to you had  
2 indicated an anomaly with respect to the use of NHAO  
3 funds, would you also report that anomaly?

4 A That would have been reported via the two  
5 individuals who came down. Any time there was an  
6 anomaly, they would report.

7 Q So your understanding of the CIA mission was  
8 that CIA essentially [REDACTED] reported  
9 them back but did not itself try to monitor NHAO policy?

10 A I don't know what you're getting at there.

11 Q I'm just trying to find the role of [REDACTED]  
12 [REDACTED] with respect to the NHAO flights.

13 A I was not checking to see if NHAO was  
14 following every letter. That's not my job. My job was  
15 to ensure that NHAO had the flights facilitated to enter  
16 into the country, to make sure that materiel was being  
17 purchased, to help the individuals that came down from  
18 Washington to do that checking. But, I mean, I didn't go  
19 and check every flight to make sure everything was  
20 absolutely correct, no.

21 I was not a monitor of another U.S. Government  
22 agency.

23 Q So your role was essentially to provide  
24 information to Washington, ultimately to NHAO, that would  
25 permit them to implement their program?

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TOP SECRET NO KEYWORD

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SECRET CODE PRO

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1 A Yes, sir.

2 Q I'll show you another cable which I'd ask the  
3 transcriber to mark as [REDACTED] Exhibit 10.

4 (The document referred to was  
5 marked [REDACTED] Exhibit Number 10  
6 for identification.)

7 This is a cable [REDACTED] which appears  
8 to have been sent [REDACTED] on March 21 of '86; is  
9 that correct?

10 (Pause.)

11 A Now what are you asking me about this?

12 Q I was just asking you to confirm that this is  
13 indeed -- this appears to be a copy of a cable [REDACTED]  
14 [REDACTED] to [REDACTED] on March 21 of '86.

15 A Right.

16 Q In this cable it would appear that [REDACTED]  
17 [REDACTED] is reporting certain arrangements that  
18 the FDN is making about a Caribou aircraft flight [REDACTED]

19 [REDACTED]  
20 A Right.

21 Q I note in the cable, paragraph two, that  
22 [REDACTED] is providing the tail number of the  
23 aircraft [REDACTED] and is promising to send  
24 further information on time of arrival and crew.

25 A Right.

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SECRET CODE PRO

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1           Q    Can you tell me why [REDACTED] would be  
2 informing [REDACTED] in advance of these facts?

3           A    I don't know. [REDACTED]  
4 [REDACTED]  
5 [REDACTED]

6           Q    Nevertheless, there is a reference [REDACTED]  
7 [REDACTED] in that paragraph.

8           A    Right, there is.

9           Q    It appears to indicate that [REDACTED]  
10 planned to send this information [REDACTED]

11          A    Um-hum.

12          Q    What would you do with such information if it  
13 were sent?

14          A    I don't know, frankly, to tell you the truth.

15          Q    Let's go on to what appears to be a set of  
16 cables which I'll ask the transcriber to mark as [REDACTED]  
17 Exhibit 11 and you can take some time to look these over  
18 if you wish.

19                                   (The document referred to was  
20 marked [REDACTED] Exhibit Number 11  
21 for identification.)

22                                   (Pause.)

23          A    Okay.

24          Q    These appear to be a set of cables which,  
25 relate to events which occurred in April of '86. The

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1 first cable would appear to be a cable [REDACTED]  
 2 [REDACTED] to headquarters and [REDACTED] on April 24  
 3 of '86; is that correct?

4 A That's correct.

5 Q Among other things, in paragraph one of this  
 6 cable it would appear that the aircraft in question was  
 7 being used to supply lethal equipment, this particular  
 8 aircraft being a C-123; is that correct -- and [REDACTED]

9 A That's correct.

10 Q In the second paragraph there's also a  
 11 reference to a Caribou aircraft which appears to be used  
 12 for the same purposes; is that correct?

13 A That's correct.

14 Q The [REDACTED] also says that if  
 15 these aircraft were NHAO aircraft it would not be  
 16 permissible to put lethal assistance on them.

17 A That's correct.

18 Q And it asks for headquarter's views on what  
 19 appears to have been lethal assistance being put on these  
 20 aircraft; is that correct?

21 A On what they apparently believe are NHAO  
 22 aircraft, yes.

23 Q I draw your attention next to the cable  
 24 identified as Director 845653 of April 26, 1986. This  
 25 cable, which was sent in an information copy to your

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1 [REDACTED] indicates that these aircraft were not NHAO-  
2 supported aircraft; is that right?

3 A That's correct.

4 Q And that therefore there would be no  
5 limitation on their use for lethal activities?

6 A That's correct.

7 Q With that basis, let's go on to the cable that  
8 was sent [REDACTED] The third cable is cable  
9 [REDACTED] of April 26, 1986. Is this a cable from your  
10 [REDACTED] on that date?

11 A That's correct.

12 Q The first paragraph takes note that the  
13 aircraft in question, which appear to be the same  
14 aircraft discussed in the prior cables, were not NHAO  
15 aircraft, were not being supported by NHAO; is that  
16 correct?

17 A That's correct.

18 Q The second paragraph appears to reflect, the  
19 last sentence of the paragraph, that [REDACTED]  
20 [REDACTED] the FDN to contact their representative  
21 and make sure that he does not send aircraft  
22 without proper clearance [REDACTED]

23 A That's correct.

24 Q The fourth paragraph appears to indicate that  
25 clearances had been a problem, that the crews of the C-7

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1 and C-123 aircraft were pretty much coming and going as  
2 they pleased; is that accurate?

3 A That's accurate.

4 Q The second full sentence on the second page  
5 seems to indicate that [REDACTED] was notifying [REDACTED]  
6 [REDACTED] in the absence of any form of notification by  
7 anyone else concerning the arrival of those aircraft; is  
8 that accurate?

9 A That's what it says.

10 Q Would that be a form, this notification be a  
11 form of request for flight clearance [REDACTED]?

12 A Yes, it would be a form of flight clearance,  
13 yes.

14 Q So it would appear from this, at any rate,  
15 that [REDACTED] with knowledge that the flights were  
16 not NHAO flights and contained lethal assistance which is  
17 being coordinated by third parties, was nevertheless  
18 providing flight clearance support for such flights, at  
19 least on an occasional basis?

20 A I think you're reading into it when you say  
21 that.

22 Q What would your interpretation be?

23 A My interpretation would be we were getting  
24 flight approvals for them, [REDACTED] until we  
25 talked to Chief/NHAO that they were NHAO flights.

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1 Q So you believe at this point you may have  
2 believed these to be NHAO flights?

3 A That's right. See, headquarters has been  
4 reporting to the contrary. Chief/NHAO, during a recent  
5 visit [REDACTED] So it would appear to me that we had  
6 believed that these were NHAO-contracted aircraft up  
7 until very recently, until this cable was written. Okay?  
8 And what Chief/NHAO said was, no they're not, but we  
9 would pay for them when they carried humanitarian  
10 supplies.

11 Q So your interpretation is that there was a  
12 confusion. You had believed these flights to be NHAO  
13 flights and then when it became clear that they were not  
14 that [REDACTED] did not --

15 A That would be my interpretation, yes.

16 Q How did this confusion arise?

17 A I don't know. I mean, just reading "while we  
18 recognize there has been headquarters reporting to the  
19 contrary, he says they are not." So obviously there's  
20 been reporting that they were and [REDACTED] also, from  
21 reading this cable, is confused. [REDACTED] thinks they  
22 are NHAO flights because they are saying they carry  
23 lethal material, but we have found out from Chief/NHAO  
24 that they are not.

25 So I would assume what happened would be that

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1 we were getting approvals for them up until the point we  
2 found out that they were not.

3 Q Correct my recollection, but it seemed to me  
4 you said earlier that to the best of your knowledge NHAO  
5 was not providing support for such flights and that the  
6 only flight clearance that [REDACTED] was obtaining was  
7 for flights from the United States.

8 A That was the best of my recollection. That's  
9 correct.

10 Q So it now would appear that there was a period  
11 in which [REDACTED] prior to learning that the flights  
12 in question were not NHAO flights, was providing some  
13 form of flight clearance?

14 A That's correct.

15 Q And this was on the basis of a confusion  
16 concerning who was sponsoring such flights?

17 A Apparently, from reading this traffic, that's  
18 what it is saying, yes.

19 Q Would you agree that [REDACTED] had become  
20 aware that those flights did contain lethal equipment?

21 A Yes. From this traffic, I'd say yes, sure.  
22 I'd agree with that.

23 Q And regardless of the fact that they contained  
24 lethal equipment [REDACTED] was still routinely, on the  
25 grounds that they were NHAO flights, was providing flight

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1 clearance support?

2 A No. What we're talking about is a specific  
3 instance. From what I read here, it appears we're mixing  
4 apples and oranges, that previously from this traffic we  
5 had provided clearances for whatever they were carrying.  
6 I don't know what that is, having not seen the traffic.  
7 But on these flights they have been carrying lethal  
8 material. [REDACTED] is confused and is saying, hey, if  
9 this is NHAO stuff, how can we put lethal aid on these  
10 NHAO aircraft.

11 We go back and say look, these don't appear or  
12 headquarters says these are not NHAO aircraft. We go  
13 back and say, hey, yeah, we've been getting approval for  
14 these and Chief/NHAO tells us, contrary to what we have  
15 heard from headquarters, that these are not actually NHAO  
16 aircraft.

17 So what appears to have happened was that we  
18 were getting approvals until this situation raised its  
19 head and everyone looked and said hey, wait a minute. We  
20 have something here we don't know what we're dealing  
21 with.

22 Q Now if the flights had continued and some of  
23 them were NHAO flights, it would be permissible for [REDACTED]  
24 [REDACTED] to provide the flight clearance assistance?

25 A Under my interpretation, yeah.

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1 Q How would you determine if a specific aircraft  
2 was a NHAO-supported aircraft?

3 A I don't know at this juncture in time if NHAO  
4 would tell us or what. But the one thing that I would  
5 say was that my recollection of this entire operation  
6 they never got clearances. They came and went as they  
7 pleased.

8 Q But at some point [REDACTED] provided  
9 clearances, thinking they were NHAO?

10 A Thinking they were NHAO, yes, early on.

11 Q Now you said you wouldn't know when the lethal  
12 supplies got in there until an aircraft landed; is that  
13 correct?

14 A We usually wouldn't, yes.

15 Q Unfortunately, you have to obtain flight  
16 clearances before an aircraft lands, or at least you are  
17 supposed to; is that correct?

18 A Correct.

19 Q So it would be entirely possible, it would  
20 appear, that if you were notified that a certain flight  
21 was on the way you would obtain the clearances and then  
22 you would find out on the ground that it just happened to  
23 contain lethal and was therefore not a NHAO flight?  
24 Could that situation arise?

25 A I'm not sure if I follow you. In this

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1 situation?

2 Q I'm just trying to get at there seems to be a  
3 difficulty here. [REDACTED] can provide flight  
4 clearance support for NHAO, can't for non-NHAO flights.  
5 But you don't tell whether something is a NHAO flight or  
6 not until later, when it lands and you find out what's on  
7 there.

8 A We erroneously believed they were NHAO flights  
9 until this was brought up, and it was demonstrated that  
10 they're not.

11 Q Do you believe that a significant quantity of  
12 lethal assistance was brought in on these flights prior  
13 to [REDACTED] discovering that?

14 A I don't think so. I don't think there was  
15 that much material [REDACTED] Maybe one, as you say,  
16 707 load, and I don't know how much that is, but some of  
17 that was also destined for the south, and I think that  
18 material was used to drop to the south.

19 Q And, at any rate, [REDACTED] only would have  
20 conducted this activity believing that it was part of the  
21 NHAO program?

22 A Definitely.

23 Q So when those supplies ran out and when NHAO  
24 wound down [REDACTED] would not have provided that  
25 support?

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1 A That's affirmative.

2 Q So [REDACTED] would not have supported  
3 private benefactor flights after the NHAO supplies had  
4 been exhausted?

5 A That's right.

6 Q Can you put an approximate date on that?  
7 These cables which discuss --

8 A I would say about this time.

9 Q About this time. So, in other words, [REDACTED]  
10 [REDACTED] terminated its flight clearance support sometime  
11 in late April or early May of '86?

12 A To the best of my recollection.

13 Q So, just to get this all on track, in a  
14 previous exhibit, which was Exhibit 10, a cable from your  
15 [REDACTED] -- I'm sorry. I think I have the wrong one. Try  
16 8; that's it.

17 As early as February of '86 the Caribou  
18 aircraft had appeared on the scene and [REDACTED] was  
19 reporting on their activities.

20 A Not necessarily. What appears in 8 is the  
21 Caribou is mentioned with third country crews. They're  
22 talking about something that never turned out, so we  
23 don't know what this is. And this is in the dark until  
24 someone comes up with what that Director cable is and  
25 what it says.

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1 Q I understand that.

2 A I wouldn't say it was on the scene on 22  
3 February.

4 Q Nevertheless, from that Exhibit, Exhibit 8,  
5 paragraph four, there's already a preparation for  
6 obtaining the clearance on the Caribou aircraft; is that  
7 right?

8 A If this is the same -- you are assuming this  
9 is the same Caribou. We don't know that.

10 Q We don't know that. All right. Well, just to  
11 the best of your recollection, then, when did the Caribou  
12 flight using the same Caribou start and for what period,  
13 assuming that [REDACTED] ceased to provide the flight  
14 clearance support in late April? During what period did  
15 it provide such support?

16 A I really don't know. I'd have to look back  
17 through the traffic and pull that out. It would just be  
18 a guess on my part.

19 Q I believe earlier you mentioned your theory  
20 that the private benefactors essentially came on the  
21 scene and started their activities after the NHAO program  
22 wound down. This material to me would appear to indicate  
23 an overlap and that some small, anyway, quantity of CIA  
24 support in the form of flight clearance support was being  
25 maintained during the period, let's say, leading up to

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1 when the private benefactors became an independent outfit  
2 and no longer had NHAO support.

3 Do you acknowledge that that may have  
4 occurred?

5 A That may have occurred. I don't know,  
6 frankly.

7 Q All right. This next one is very simple to  
8 understand. I don't know what it means. We can probably  
9 agree what it is. I'd ask the transcriber to label this  
10 [REDACTED] Exhibit 12. It's cable Director 817901 of April  
11 of '86.

12 (The document referred to was  
13 marked [REDACTED] Exhibit Number 12  
14 for identification.)

15 (Pause.)

16 As I said, neither of us knows what this  
17 means, but what it appears to be is air routes for a  
18 flight sponsored by the FDN to the newly-allied  
19 commanders on the southern front; is that correct?

20 A I don't know, frankly. The subject is UNO/FDN  
21 lethal drop to NACs.

22 Q Are the NACs the Newly-Allied Commanders on  
23 the southern front?

24 A I believe so.

25 Q This would appear to give detailed flight

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1 vector information for use in connection with that  
2 flight; is that correct?

3 A That's what it appears to be, yes.

4 Q Where would such flights originate -- in  
5 [REDACTED]

6 A I don't know. I would assume. That would  
7 have to be an assumption. It would be [REDACTED]

8 Q I note that [REDACTED] is not an  
9 addressee, so it would be unlikely that the flight would  
10 have occurred [REDACTED] is that correct?

11 A That's true. It's very difficult with this  
12 traffic when you take one piece of traffic. You have  
13 another reference here, the [REDACTED] cable. Do we know  
14 what the [REDACTED] cable was?

15 Q Believe me, we have had probably even more  
16 difficulty than you have, that we have not been provided,  
17 for the most part, most of the references of the cables  
18 that we have seen. I recognize your difficulty.

19 A It says per ref. I don't know what the ref  
20 is. [REDACTED] is asking for this. Now why [REDACTED] would  
21 ask for it, if it's going [REDACTED] I just don't  
22 understand. The cable doesn't make any sense to me.  
23 Okay?

24 Q It appears to be flight vector information  
25 from a flight that would originate [REDACTED] and at

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1 [REDACTED] In all probably it would go to the newly-  
2 allied commanders in the southern part of Nicaragua.

3 A I don't know. Apparently. You're going to  
4 have to look at see. You know, if I had a map and I  
5 could work out where these locations are, that would give  
6 me a better idea where the aircraft was coming from. But  
7 I don't recall this cable. It just hits me cold,  
8 frankly.

9 Q So you have not seen flight vector information  
10 of this type being provided?

11 A I don't recall us providing any flight vector  
12 information of this kind during this time period, no,  
13 frankly.

14 Q This is something we can independently confirm  
15 what the significance of this is.

16 A Yes.

17 Q Thank you.

18 A You're welcome.

19 Q Let me then at this point draw your attention  
20 to what I will ask the transcriber to mark as Exhibit 13,  
21 [REDACTED] Exhibit 13.

22 (The document referred to was  
23 marked [REDACTED] Exhibit Number 13  
24 for identification.)

25 You can ignore the marginalia, which I believe

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1 was supplied.

2 (Pause.)

3 A This is obviously one we sent.

4 Q You would agree, then, this is a cable from  
5 [REDACTED] dated August 18, 1986?

6 A That's correct.

7 Q This cable would appear to encourage [REDACTED]  
8 [REDACTED] to obtain drop zone information from UNO/SOUTH so  
9 that that information could be provided to UNO/NORTH,  
10 UNO/FDN, to make a drop by the private benefactor Caribou  
11 mentioned.

12 A Um-hum.

13 Q You'll notice the marginalia. I believe it  
14 was supplied by your crack compliance officer, and you  
15 can go beat him for that.

16 A No, I'm sure we got a cable on this, too,  
17 beating us about the head and shoulders.

18 Q Was it common for [REDACTED] to in a sense  
19 serve as a channel of communication between the contra  
20 organizations related to the private resupply flights?

21 A No.

22 Q So you cannot recall activities of this nature  
23 occurring very often?

24 A No.

25 Q But you will say that it appears that [REDACTED]

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1 [REDACTED] were rather intimately involved in the  
2 transmission of flight and drop zone information?

3 MS. MC GINN: I object to that question. I  
4 think that's a mischaracterization.

5 THE WITNESS: Yes.

6 BY MR. FINN: (Resuming)

7 Q Objection noted.

8 How would you describe the activity that is  
9 occurring?

10 A I would think here that the FDN came and said  
11 exactly what this says, and we sent the cable out without  
12 reading it twice -- regretfully. It was a mistake we  
13 made. Certainly if we were doing anything illegal we're  
14 certainly not going to send out that kind of cable.

15 Q What's the problem with the cable? Why does  
16 the marginal note appear to say that this is not kosher?

17 A I don't know why he wrote that in there, but  
18 it would appear to me that what we're doing is we're  
19 trying to get -- we are intervening in the FDN and the  
20 southern patriots in providing information to private  
21 benefactors. Now the problem the FDN was having with  
22 their communications gear, obviously it wasn't working.

23 Q Would be all right if the private benefactors  
24 were not involved? In other words, could you assist the  
25 communication process between UNO, FDN and UNO/SOUTH with

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1 respect to the allocation of equipment and supplies and  
2 flights?

3 A We wouldn't.

4 Q You wouldn't do that?

5 A No.

6 Q In that case, I'll show you --

7 A We may have.

8 Q Let me show you Exhibit [REDACTED] Number 14,  
9 which is another set of cables.

10 (The document referred to was  
11 marked [REDACTED] Exhibit Number 14  
12 for identification.)

13 I think you should probably take some time to  
14 take a look at these, since there are several of them.

15 (Pause.)

16 A Okay.

17 Q Regretfully again these are not necessarily in  
18 sequence and we don't have all the cables which are  
19 referred to. At any rate, the first document is  
20 identified as [REDACTED] which, would you agree, appears  
21 to be a copy of a cable sent from [REDACTED] on  
22 September 3, 1986?

23 A That's correct.

24 Q In paragraph two of that document it appears  
25 to ask headquarters whether certain supplies [REDACTED]

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1 are being held for a southern front organization under  
2 proper authority.

3 A Right.

4 Q The information provided [REDACTED]  
5 [REDACTED] is that the gringos, or private benefactors, are  
6 holding certain supplies for use by the south. Could you  
7 tell me why [REDACTED] would cable headquarters in  
8 order to determine whether materials held by private  
9 benefactors [REDACTED] rightfully belonged to the  
10 FDN or UNO/SOUTH?

11 A As I understand, I don't know if the private  
12 benefactors, they may be saying that the private  
13 benefactors are holding them. What I would say, that  
14 these are NHAO stuff, it looks like.

15 Q This is September of '86 now.

16 A Right.

17 Q NHAO material was still hanging around in  
18 September of '86?

19 A I don't know, but uniforms, boots, panchos and  
20 pancho liners would all appear to be NHAO material that  
21 was there. I don't know how the situation worked over  
22 there, but I frankly don't know why it went this way.

23 Q But nevertheless the cable does not refer to  
24 the NHAO program. It refers to the gringos, the private  
25 benefactors

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1 A That's correct.

2 Q So you have no explanation of why you would  
3 ask headquarters to try to determine whether supplies  
4 held by these individuals, the private benefactors, are  
5 supposed to be held for the UNO/FDN or UNO/SOUTH?

6 A Well, I'm not so sure that this is properly  
7 worded. I don't know how they would be holding them

8 [REDACTED]  
9 Q At any rate, the cable indicates [REDACTED]  
10 was aware there was some conflict between the northern  
11 and southern forces or was reported to be some conflict  
12 between the northern and southern forces concerning the  
13 rights to certain material that was being held by the  
14 private benefactors [REDACTED]

15 A Alleged supplies [REDACTED] yeah.

16 Q With that, let's turn to the next cable, which  
17 is [REDACTED] And this appears to be a cable sent from  
18 [REDACTED] on September 4, 1986, to [REDACTED]  
19 with an information copy to headquarters. Is that  
20 correct?

21 A That's correct.

22 Q I note in the last sentence of the third  
23 paragraph that [REDACTED] is reporting UNO/SOUTH's position  
24 that the private benefactors will support its claim to  
25 certain material; is that correct?

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1 A Will respect its primacy for equipment and  
2 supplies [REDACTED] That's what it says, yes.

3 Q In view of the fact that this cable appears to  
4 refer to the cable we just finished discussing, would  
5 that mean it's discussing the same equipment?

6 A It appears to be, yes.

7 Q So that for some reason [REDACTED]  
8 is telling [REDACTED] that it is relaying to your  
9 [REDACTED] the information that UNO/SOUTH believes it is  
10 entitled to certain equipment being held by the private  
11 benefactors.

12 A Well, this one doesn't say that private  
13 benefactors are holding it. It just says they will  
14 respect its primacy for equipment and supplies stored. I  
15 don't know how the situation worked [REDACTED] frankly.

16 Q But nevertheless the immediately preceding  
17 cable was referred to in this cable.

18 A Um-hum.

19 Q Do you conclude that the same supplies are in  
20 question or that this is only a more general comment by  
21 [REDACTED]

22 A Well, looking at the title, the subject, it  
23 says [REDACTED] Supplies, which would be UNO/FDN supplies,  
24 what the UNO/FDN had on their books, according to this  
25 cable.

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1 Q So would this be the same supplies, do you  
2 believe?

3 A It appears to be the same supplies.

4 Q That [REDACTED] in the previous cable indicated  
5 were being held for the UNO/SOUTH forces by the private  
6 benefactors?

7 A It appears to me that this one discusses a  
8 certain amount, 450 non-lethal type material of each of  
9 these, while this one seems to me to refer to all  
10 supplies.

11 Q I see. But there may be some relationship?

12 A There may be some relationship.

13 Q Would you agree that this cable [REDACTED]  
14 seems to evince a fairly good understanding of the  
15 ability of the private benefactor organization to make  
16 air drops in view of the maintenance status of its  
17 aircraft?

18 A I'm not sure I understand your question.

19 Q Would you agree that this cable seems to say  
20 that the private benefactors will be having difficulty  
21 getting supplies to UNO/SOUTH because their aircraft are  
22 having difficulty, but that one aircraft will become  
23 available in the near future?

24 A That's what it says.

25 Q In view of the fact that this cable refers to

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1 your previous cable, does that mean that [REDACTED]  
 2 [REDACTED] is basically telling you well, this equipment,  
 3 whatever it is, is being held by the private benefactors  
 4 [REDACTED] and regardless of the fact that the FDN would  
 5 like to get some of it it should continue to be held for  
 6 the southern forces?

7 A I'm not sure I agree with you that it is being  
 8 held for the private benefactors. I don't know how that  
 9 worked over there. But what there is here is the FDN  
 10 saying there are 450 pairs of non-lethal material that  
 11 they carry on their books which the south says belongs to  
 12 them, and it's going to be dropped in to them.

13 Q In the previous cable, if I can turn your  
 14 attention to that again, that seemed to clearly report  
 15 [REDACTED] that these supplies  
 16 were being held by the gringos, the private benefactors.

17 A I'm not sure what they mean by that, you know.  
 18 You are going from Spanish into English. "Being held by  
 19 the gringos for use by the south". I'm not sure what  
 20 they mean by that.

21 Q So regardless of the fact that there is a  
 22 specific reference to the private benefactors in this  
 23 cable you say that you still don't necessarily realize at  
 24 this point that supplies were in fact being held by these  
 25 individuals?

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TOP SECRET//COMINT//ORR

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1 A I don't know what that means, frankly.

2 Q Let me go on to the next cable here, which is  
3 [REDACTED] Do you have that one?

4 A Right.

5 Q This once again appears to be a cable from [REDACTED]  
6 [REDACTED] to the Director and to [REDACTED] dated September  
7 6, 1986; is that correct?

8 A That's correct.

9 Q I would draw your attention to paragraph six  
10 of that cable in which [REDACTED] appears to be arguing for  
11 continued aerial resupply to the southern forces. Is  
12 that your interpretation?

13 A Um-hum. The southern front is trying to get  
14 the FDN to drop the materiel.

15 Q Now I notice there doesn't appear to be any  
16 cross reference in this cable.

17 A Um-hum.

18 Q It follows the two cables that we have just  
19 finished discussing.

20 A Yeah.

21 Q Do you agree that the individual sending this  
22 cable [REDACTED] appears to be telling headquarters  
23 and you that the FDN should make sure that it continues  
24 to supply needed equipment to the southern forces?

25 A Um-hum.

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1 Q What action is asked from [REDACTED]

2 A Action requested for headquarters in

3 [REDACTED] Please advise UNO/FDN disposition for  
4 conducting air drops to the southern front. Please  
5 attempt to bring [REDACTED] situation under  
6 control.

7 Q In that first sentence, advise UNO/FDN  
8 disposition for conducting air drops to the southern  
9 front, what form of assistance is [REDACTED]  
10 seeking from [REDACTED] and from headquarters?

11 A Well, I think what they are asking is, is the  
12 FDN going to do it or is the FDN blowing smoke. You see,  
13 the fear on the southern front was that the FDN would  
14 never support them.

15 Q The FDN that we are speaking about, did the  
16 FDN itself have aircraft which were making air drops to  
17 the southern front?

18 A No. That's what they wanted. They wanted [REDACTED]  
19 [REDACTED] to drop to the southern front.

20 Q In view of the fact that the discussion on the  
21 two days previous had involved airlift by the private  
22 benefactors, why do you say that the items in question  
23 are the items that the FDN would be dropping with its  
24 [REDACTED]

25 A Because that's what they were trying to get

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TOP SECRET//COMINT  
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1 them to do.

2 Q Did the FDN ever drop supplies to the southern  
3 front with [REDACTED]

4 A I don't think they got down there. I don't  
5 think they could get [REDACTED] working properly.

6 Q Are you aware whether drops were made to the  
7 southern front [REDACTED]

8 A [REDACTED] said there were.

9 Q What did [REDACTED] tell you concerning who made  
10 those drops?

11 A That those drops -- let's see. As I recall, I  
12 think the private benefactors were dropping to the  
13 southern front.

14 Q Would you agree, then, that what's referred to  
15 in this last cable that we were just discussing [REDACTED]  
16 [REDACTED] would probably refer to asking  
17 headquarters and you to facilitate an FDN decision to  
18 have the private benefactors drop goods to the southern  
19 front when an aircraft became available?

20 A I don't think so. I don't read it that way.  
21 The way I read it is [REDACTED] will you tell us in  
22 your view was the FDN serious or are they playing games  
23 with the southern front.

24 Q So in your interpretation it's all right -- is  
25 [REDACTED] asking you for more than you to tell them

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1 whether FDN is willing to do this, or to actually  
2 encourage the FDN to do so?

3 A Well, they are not asking us to encourage the  
4 FDN in the action required. They are asking us for the  
5 disposition for conducting air drops to the southern  
6 front and, as I said, there appeared to be -- the  
7 southern front has always had a lot of suspicions about  
8 the FDN.

9 Q Would it be permissible for you to approach  
10 the FDN and make recommendations or encourage the FDN to  
11 allocate its supplies in certain ways?

12 A We could certainly go to the FDN and ask them  
13 what they were going to do.

14 Q That would not be ruled out, though, would it?

15 A No.

16 Q If it involved private benefactor aircraft in  
17 the supply chain, would that be ruled out?

18 A I don't know, frankly.

19 Q So [REDACTED] -- can you confirm that [REDACTED]  
20 [REDACTED] would recommend to the FDN and to UNO/SOUTH  
21 various dispositions of supplies if a problem arose?

22 A No. I think you are reading too much into  
23 that.

24 Q Well, then why is [REDACTED] asking you for a  
25 report on the disposition of the FDN?

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1           A     They are asking if the FDN is going to do this  
2 or not. I mean, you are looking at a political side of  
3 this. They are trying to keep these people together  
4 politically.

5           Q     But why couldn't [REDACTED] encourage the FDN  
6 to make a certain allocation of supplies?

7           A     I think a certain allocation of supplies -- I  
8 don't even know what the FDN had here. I'd really have  
9 to look at all the traffic. I mean, when you pull out  
10 two or three cables it just doesn't really give me the  
11 flavor or the feeling. [REDACTED]

12

13

14

Q     Well, let's go on to the next cable.

15

16

17

18

19

20

This is [REDACTED] which appears to be a  
cable sent from [REDACTED] September 6 of '86; is that  
correct?

21

A     That's correct.

22

23

24

25

Q     If I'm not incorrect, this cable refers to the  
previous cable, which is [REDACTED]. In the previous  
cable [REDACTED] asked [REDACTED] for how UNO would  
dispose itself concerning resupply of the southern

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1 forces. You respond apparently in two ways.

2 In paragraph three you give a flight status  
3 report on the aerial assets available to the FDN,  
4 including the C-123 and C-7 aircraft, and in the fourth  
5 paragraph you essentially attempt to provide the  
6 reassurances. You reassure concerning the FDN intentions  
7 concerning the southern front.

8 A Um-hum.

9 Q Reading this cable, are you now so sure that  
10 [REDACTED] did not understand the supply and flight  
11 situation [REDACTED] due to the fact that it seems to  
12 have such detailed information concerning the status of  
13 the private benefactor aircraft?

14 A This would be something we would [REDACTED]  
15 [REDACTED] you know,  
16 in an ops intel cable like this what they were doing.  
17 But that's certainly not an in-depth knowledge of what  
18 they were doing.

19 Q At any rate, your response [REDACTED] cable  
20 concerning the disposition of supplies contained a rather  
21 detailed summary of how those supplies would be dropped  
22 by air, namely which aircraft could be used.

23 A What I would say was this was a report of FDN  
24 [REDACTED] and all we're passing on  
25 is passing on [REDACTED] to let them know what the

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1 situation is.

2 Q So what appears to emerge here is that the  
3 communication channel, if you wish to call it that, is  
4 UNO/SOUTH tells [REDACTED] it wants supplies or needs  
5 supplies. [REDACTED] tells you. You discuss [REDACTED] the  
6 supply situation and you then tell [REDACTED] the  
7 supply situation, including the status of the aircraft.

8 A You are making a conclusion based on a couple  
9 of cables. What this is is the south complaining and the  
10 south looking toward us. Is the FDN serious? Is this  
11 actual? Are they really going to work together? What's  
12 your best estimate? And us going [REDACTED] and saying  
13 what's your best estimate? What are you guys going to  
14 do? And taking it and sending it down there.

15 But I wouldn't say the normal status of events  
16 was that they would send up, because most of the support  
17 was not via the FDN, as you know.

18 Q So you are saying that you would not make  
19 these decisions or encourage FDN to make certain  
20 decisions. You were just keeping [REDACTED] informed of  
21 what FDN status was?

22 A We would ask them what their decisions were  
23 going to be, yes, what their plans were.

24 Q And then presumably [REDACTED] would discuss the  
25 information it received from you with the southern

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1 forces?

2 A That they could do, yes. What [REDACTED] did, I  
3 don't know.

4 Q Anyway, the status of FDN's ability to support  
5 the southern forces implicated or involved the status of  
6 the benefactor aircraft?

7 A You know, I don't know what to say to you. My  
8 understanding is the private benefactor support to the  
9 south didn't involved the FDN. Right? The FDN support  
10 to the south was basically [REDACTED] when you are talking  
11 about a 20,000-pound payload compared to 5,000 in the  
12 Caribou. So you're talking about significant amounts of  
13 materiel that the FDN can move down.

14 Q Well, I'm not so sure that the supplies in  
15 question were FDN supplies. You recall in the previous  
16 cable reference was made to the supplies being in the  
17 possession of the gringos or private benefactors at  
18 [REDACTED] This was in your cable, [REDACTED] It would  
19 appear that [REDACTED] was quite knowledgeable  
20 concerning who was holding these supplies and the air  
21 arrangements that could be made.

22 A You may read that into it, you know, but if we  
23 go [REDACTED] and they tell us this and we put it in a  
24 cable, it doesn't mean that it's correct, number one. It  
25 doesn't mean we have intimate knowledge of it.

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1 Q At any rate, in paragraph three this cable  
2 would appear to indicate that [REDACTED] was receiving  
3 detailed information on the status of the private  
4 benefactor aircraft [REDACTED]  
5 [REDACTED]

6 A What this cable shows is in a specific  
7 instance [REDACTED] information on status at one  
8 point in time, apparently. It doesn't mean that we had  
9 continuing information, because we did not.

10 Q So on September 6, '86 [REDACTED] was aware  
11 of which aircraft were flying.

12 A [REDACTED] apparently received this report  
13 [REDACTED]

14 Q And on September 3, '86, [REDACTED] was aware  
15 of what supplies were being held by private benefactors  
16 [REDACTED]

17 A [REDACTED] yes.

18 Q Okay. You see there's another cable in this  
19 series, two cables, which is [REDACTED] and this appears  
20 to be a cable sent by [REDACTED] September 6, '86. In  
21 this cable [REDACTED] appears to be aware of the control  
22 arrangements for the C-123s as well as their status,  
23 namely that the FDN does not control them.

24 A [REDACTED] We got that,  
25 through that other situation, that they weren't belonging

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1 to NHAO.

2 Q And the FDN [REDACTED]  
3 it was willing to use its credit with something called  
4 the Arms Supermarket to obtain weapons for the southern  
5 front?

6 A That's correct.

7 Q Correct me if I'm wrong, but the Arms  
8 Supermarket, I believe, is a private organization in --  
9 which is warehoused [REDACTED] in or near  
10 [REDACTED] which was maintained by international arms  
11 dealers [REDACTED]  
12 [REDACTED] am I correct in my understanding?

13 A Yes.

14 Q At this point, then, as of September 6, '86,  
15 [REDACTED] is aware of the limitations on UNO/FDN air,  
16 the ability of UNO/FDN to provide supplies to the  
17 southern front forces both through [REDACTED] and the C-  
18 123s, and is also aware of the sources of arms that the  
19 FDN would use to supply those southern forces, if  
20 arrangements could be made.

21 A Yes. We sent out intelligence reports on the  
22 materiel the FDN did get on credit out in the  
23 supermarket.

24 Q Thank you. Let's not discuss the last cable  
25 in the series, which is [REDACTED] except just to say

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1 that it appears to be another one in this series of  
2 communications.

3 All right. One more.

4 A Is that it? Oh, great.

5 Q I'd ask the transcriber to mark this [REDACTED]

6 Exhibit 15.

7 (The document referred to was  
8 marked [REDACTED] Exhibit Number 15  
9 for identification.)

10 This is a cable Director 038759. This cable  
11 was sent to [REDACTED] in response to a reference cable  
12 by [REDACTED] by headquarters on September 3 of '86;  
13 is that correct?

14 A Correct.

15 Q Once again my apologies for not having the  
16 referred-to cable. It would appear, based on this, that  
17 [REDACTED] requested a briefing facility for FDN and  
18 contract air crews, and specifically including the  
19 participation of a certain individual; is that correct?

20 A Um-hum.

21 Q If you look at the next cable, the identity of  
22 that individual appears to be someone named [REDACTED]

23 A Right.

24 Q Do you recall this?

25 A I recall it generally speaking, yes.

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TOP SECRET CONTROLS

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1 Q Who would the briefing facility have been  
2 intended for?

3 A I'd have to see all the traffic. It basically  
4 would have been set up for the FDN. That would mean  
5 making sure their maps were --

6 Q What is a briefing facility?

7 A That's a good question. I don't know what a  
8 briefing facility -- I'd have to make an assumption. I  
9 really don't know what a briefing facility is.

10 Q Let's assume it's a briefing anyway. Who were  
11 the contract air crews referred to?

12 A I don't know. What were the dates on those  
13 cables when we thought that the Caribou was in and things  
14 were going to NHAO?

15 Q I think that was way back. We had one from  
16 February, which was about seven months earlier. This is,  
17 let's say, quite recent.

18 A Contract air crews.

19 Q At the time this cable was written in  
20 September of '86, what contract air crews were available  
21 to the FDN?

22 A I'm not sure outside private benefactors if  
23 there were any others.

24 Q You'll agree that based on the timing --

25 A Wait a minute, wait a minute. Contract air

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TOP SECRET CONTROLS

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1 crews could well be -- what about the guys? I'm not  
 2 sure, but we did have [REDACTED] was contracted to the FDN.  
 3 That was a contract and they were contract personnel.

4 Q I notice the cable says air crews.

5 A Um-hum.

6 Q I presume if it were [REDACTED] it would only be  
 7 an air crew.

8 A No. There are about three crews for [REDACTED]

9 Q I see. So to the best of your knowledge the  
 10 briefing in question or briefing facility in question was  
 11 intended solely for the FDN?

12 A And its contractors.

13 Q Not to include the private benefactor air  
 14 crews?

15 A I don't know, but that's the way I would read  
 16 this.

17 Q And to the best of your recollection have you  
 18 ever requested a briefing to be arranged for private  
 19 benefactor air crews?

20 A To the best of my knowledge, no.

21 Q With that I think we are coming perilously  
 22 close to the end. Let me ask just one or two other  
 23 questions related to some information I had just before I  
 24 came in.

25 Does an individual named [REDACTED] work at your

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[REDACTED]

A Yes, he did.

Q He did?

A Yes.

Q What was his position?

A Deputy [REDACTED]

[REDACTED]

MR. FINN: Okay. I think that will be all.

Thank you.

THE WITNESS: Thank you.

(Whereupon, at 2:20 p.m., the taking of the instant deposition ceased.)

\_\_\_\_\_  
Signature of the Witness

Subscribed and Sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 1987.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

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Exhibit #1

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2 pages

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28 Oct 85  
#2 1803  
CIA OFFICER EX #2

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ASO

PAGE 002

TOR: 20

OCT 85

IN 8840553



C. THE WORD FROM ALL WASHINGTON SOURCES UNTIL REF  
WAS THAT REIMBURSEMENT FOR AIR DROPS OF HUMANITARIAN ASSISTANCE  
INSIDE NICARAGUA WAS REPEAT WAS WITHIN UNAO CHARTER AND WOULD BE  
APPROVED.



Partially Declassified/Released on 3 Feb 88  
under provisions of E.O. 12356  
by K Johnson National Security Council

(5144)

3. FILE:

CIIN 1239

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27 MAR 1987  
JISC. & SEC.

Exhibit #3

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CIA OFFICER EX #3

1 Page  
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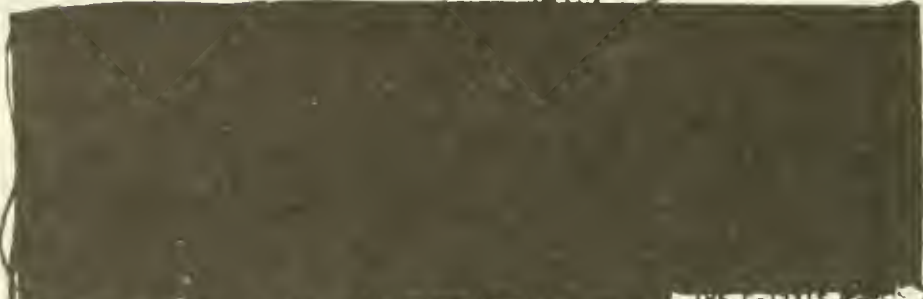
ASO

PAGE 002  
TOR: 22 NOV 85

IN 9082771



3. C-123 PER CONTRACT FOR SIX MONTHS 100 HOURS PER MONTH,  
OF 495,000 (USD)



ARE TO COME OUTSIDE THE COUNTRY AND PARENT FIRM UNKNOWN  
LOCALLY. THE C-123'S



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Date 24 March 87  
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PAGE 001  
TOR: 05 [REDACTED] NOV 85

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SECRET-05 NOV 85 STAFF

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CITE [REDACTED]

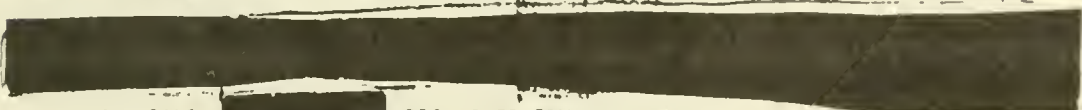
CIA OFFICER EX. #4

TO: IMMEDIATE DIRECTOR [REDACTED]

MIACT DIRECTOR [REDACTED]

SUBJECT: HUMANITARIAN ASSISTANCE STATUS

1. [REDACTED]  
WHEN HE CALLED WASHINGTON TO CHECK ON STATUS OF HUMANITARIAN ASSISTANCE DELIVERIES AND PAYMENTS, HE WAS TOLD THAT A MR. OLMSTED OR OLMSTEAD HAD PREPARED INFORMATION ON THIS SUBJECT WHICH WOULD BE SENT VIA OUR CHANNELS.



3. FILE: [REDACTED] DECL OADR ORV HUM 4-82.

ALL SECRET.

END OF MESSAGE

SECRET

CIA OFFICER EX. #7

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REVIEWED FOR RELEASE  
Date 24 March 87  
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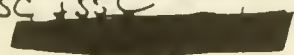


Exhibit 5

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CIA OFFICER EXHIBIT #

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TOR: 03 DEC 85

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by K. Johnson, National Security Council

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5.  
A.

REVIEWED FOR RELEASE

Date 27 March 88

HSC + SSC

RESTRICTIONS ON MHAO FLIGHTS ARE NOT THE MOST IMMEDIATELY  
PRESSING OBSTACLE. THE MOST SERIOUS ONE IS THE RESTRICTION ON RESUPPLY

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FLIGHTS INTO NICARAGUA



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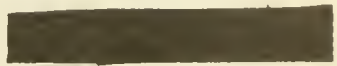
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Exhibit 6

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21 Dec 85 17:31/85

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SECRET 23] DEC 85 STAFF

#620

CITY [REDACTED]  
TO: IMMEDIATE DIRECTOR.  
NEXT DIRECTOR.

C 0730

SUBJECT: [REDACTED] WILLINGNESS TO ALLOW UNO/FDM FLIGHTS TO RESUME

1. [REDACTED] MET WITH [REDACTED] TO DISCUSS THE UNO/FDM FLIGHTS SCHEDULE AND THE RESULTS OF MEETING WITH [REDACTED] EARLIER IN THE DAY. [REDACTED] RECOGNIZED THE SERIOUSNESS OF THE SITUATION FOR UNO/FDM AND ALLOWED AS IT WAS FEASIBLE TO RESUME THE FLIGHTS WITHOUT KNOWLEDGE

[REDACTED] FINALLY ASKED FOR SOMETHING TO GIVE HIS BOYS IN TERMS OF MILITARY AID. AMBASSADOR SAID WE ARE PROVIDING [REDACTED]

2. [REDACTED] ADVISED [REDACTED] IT NOT POSSIBLE FOR HIM TO TRAVEL CONVE FOR MEETING BUT WOULD WELCOME TEAM HERE TO SEE HIM.

3. WHILE IT STILL TO EARLY TO SAY WHAT BROUGHT AROUND BELIEVE [REDACTED] EFFORTS. [REDACTED] AND OTHERS PLAYED NO SMALL ROLL IN GETTING [REDACTED] TO CHANGE HIS TUNE

4. ON 20 DEC UNO/FDM REQUESTED PERMISSION TO MAKE DROPS WITH AIRCRAFT [REDACTED] WHILE THIS NOT NECESSARY IF ABOVE COMES THROUGH, IT IS GOOD BACKUP FOR THEM TO HAVE IF IT'S REVIEWED FOR RELEASE DOESN'T.

5. FILE [REDACTED] DECL OADR DRV HUM 4-82. ALL SECRET. END OF MESSAGE

SECRET

23 Dec 85

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21 Dec 85

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PAGE 001

TOT: 21 DEC 85

DIRECTOR 665928

STAFF 21 DIRECTOR 665928

TO: IMMEDIATE

MIACT

EXHIBIT

C 0812

SUBJECT: DECISION NOT TO PROCEED WITH NHAO FLIGHTS

1. [REDACTED] WILL BE ADVISED IN SEPERATE CABLE THAT  
DECISION HAS BEEN TAKEN NOT RPT NOT TO RESUME HUMANITARIAN  
ASSISTANCE SUPPLY FLIGHTS

2. PLANS ARE BEING MADE TO STAGE FLIGHTS OUT OF

OLLIE NORTH  
BILL WALKER

4. WILL BE DISCUSSING PLANS FOR ALTERNATIVE RESUPPLY  
MECHANISM IN SEPERATE TRAFFIC EARLY NEXT WEEK.

5. NO FILE. DECI 8000 DRV HUM 4-82. ALL SECRET. >  
ORIG: C/LACATF; COORD [REDACTED] REL: C/LACATF  
CL BY [REDACTED]  
END OF MESSAGE

SECRET

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under provisions of E.O. 12958  
by B. Reger, National Security Council

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24 March 89

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TOT: 30 DEC 85

DIRECTOR 672517

SECRET  
STAFF 30 DIRECTOR 672517  
TD: IMMEDIATE

MIACT

SUBJECT: IDENS

REF: DIRECTOR 672514

- 1. IDEN A: DEPUTY ASSISTANT SECRETARY BILL WALKER
- IDEN B: LT COL. OLIVER NORTH, NSC STAFF
- IDEN C: CRISS ARCOS, DEPUTY DIRECTOR WHAD.

2. FILE: REFER. DECL OADR DRV-HUM 4-82. ALL SECRET.>  
REL: DDO/DO (PER AUTHORITY)

END OF MESSAGE

SECRET

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27 MAR 1987

30 Dec 85

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22 Feb 66

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PAGE 001

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TCR: 28 FEB 66

C 5435

S E C R E T

STAFF

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CITE

TO: IMMEDIATE DIRECTOR

SUBJECT: STATUS OF FLIGHTS

Ex. #8

REF: DIRECTOR 746773

1. CONCUR REF PROPOSAL FOR 2 FLIGHTS WITH NO  
 PICKUP OF MATERIAL FROM [REDACTED] SAFT WILL NEVERTHELESS BE  
 REQUIRED TO MAKE STOPS [REDACTED]  
 OF TRANSFER OF MATERIAL THAT CONTRIBUTE TO PROCESS

2.

3.

REMAINDER OF LETHAL MATERIALS. [REDACTED] WILL HANDLE  
 THEY WILL NOT CONSIDER DIRECT FLIGHTS FROM CONUS UNTIL TRANSFER  
 OF ALL MATERIAL FROM [REDACTED] IS COMPLETED. THEY WILL ALSO BE  
 LOOKING FOR MOTION ON REINFILTRATION BEFORE AGREEING TO INTERNATIONAL  
 FLIGHTS.

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 Date 12 Aug 81  
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TCR: [REDACTED] FEB 86

IA 005785

4. REGARDING CARIBOU AIRCRAFT, CRITICAL QUESTION IS WHEN THIRD COUNTRY CREWS WILL BE AVAILABLE TO CONDUCT DROPS IN NICARAGUA. PLEASE ADVISE FLIGHT CLEARANCE DATA (TAIL NUMBER AND CREW) AND AWAIT CONFIRMATION OF SPECIFIC CLEARANCE BEFORE DISPATCH OF AIRCRAFT.

5. FILE: [REDACTED] DECL CADR DRV HUM 4-82. ALL SECRET.  
END OF MESSAGE  
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TOT 20 FEB 86 CIA 744315

[redacted]

DEST 20 FEBRUARY 1986  
COUNTRY NICARAGUA [redacted]  
SUBJ FIRST L-100 SUPPLY FLIGHT FROM [redacted] FORWARD SUPPORT SITE TO LOGISTICS BASE  
DOI [redacted]  
SOURCE [redacted]

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[redacted]

TEXT 1 AT 0600 HOURS ON 20 FEBRUARY, A L-100 AIRCRAFT CHARTERED BY THE NICARAGUAN HUMANITARIAN ASSISTANCE OFFICE CARRIED A LOAD OF SUPPLIES FROM THE UNIFIED NICARAGUAN OPPOSITION/NICARAGUAN DEMOCRATIC FORCE (UNO/FON) FORWARD SUPPORT SITE TO THE LOGISTICS BASE. THE LOAD CONSISTED OF [redacted] POUNDS OF NON-LETHAL MATERIEL WHICH HAD ARRIVED ON THE AIRCRAFT AT THE FORWARD SUPPORT SITE THE EVENING OF 19 FEBRUARY, AND [redacted] POUNDS OF LETHAL MATERIAL WHICH HAD BEEN ADDED TO THE CARGO BEFORE THE AIRCRAFT DEPARTED FOR THE LOGISTICS BASE ON THE EARLY MORNING OF 20 FEBRUARY.

2 THE ORIGINAL CARGO CONSISTED OF  
[redacted] BOXES CONTAINING A TOTAL OF [redacted] NEW JUNGLE BOOTS WEIGHING A TOTAL OF [redacted] POUNDS,  
9 PILES OF MEDICINES WEIGHING A TOTAL OF [redacted] POUNDS,  
1 BOX CONTAINING TWO COMPLETE LARGE PARACHUTES WEIGHING A TOTAL OF [redacted] POUNDS,  
12 BOXES CONTAINING [redacted] PILES OF OPTICS WEIGHING A TOTAL OF [redacted] POUNDS.

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[REDACTED] - WSO  
 [REDACTED] PAUL DOD  
 101 20 [REDACTED] FEB 78 CIA 744315  
 [REDACTED] BOXES CONTAINING A TOTAL OF [REDACTED] PAIRS OF SOCKS  
 WEIGHING A TOTAL OF [REDACTED] POUNDS  
 [REDACTED] BOX CONTAINING [REDACTED] MARINE TAPE RECORDERS WEIGHING A TOTAL  
 OF [REDACTED] POUNDS  
 [REDACTED] BOX CONTAINING A USED ELECTRIC SAW WEIGHING [REDACTED] POUNDS  
 [REDACTED] BOXES CONTAINING M-79 GRENADES WEIGHING  
 A TOTAL OF [REDACTED] POUNDS WERE ADDED TO THE L-100 AT THE FORWARD  
 SUPPORT SITE

4 AS OF 0830 HOURS ON 20 FEBRUARY, [REDACTED]  
 [REDACTED] HAD ADVISED THAT THE L-100 HAD ALREADY  
 BEEN UNLOADED THERE AND WAS AIRBORNE ENROUTE BACK TO THE FORWARD  
 SUPPORT SITE [REDACTED] FIELD COMMENT THE MATERIEL DELIVERED  
 BY THE L-100 IS BEING INVENTORIED AND THE BOOTS AND SOCKS WILL BE  
 TRANSPORTED AS SOON AS POSSIBLE TO UNO/FON CAMPS [REDACTED]  
 WITH THESE ITEMS DELIVERED TO THE DEMOCRATIC  
 RESISTANCE [REDACTED] WOULD SOON BEGIN TO SEE MOVEMENT OF UNO/FON UNITS  
 BACK INTO NICARAGUA.

5 THERE IS VIRTUALLY NO NON-LETHAL MATERIEL LEFT  
 AT THE FORWARD SUPPORT SITE WAREHOUSE AVAILABLE FOR TRANSPORT TO THE  
 LOGISTICS BASE; A FEW PONCHO LINERS AND CLOTHING ITEMS OF CLOTHING  
 REMAIN TO BE SHIPPED, BUT THIS WOULD ACCOUNT ONLY FOR A FRACTION  
 OF THE L-100 LOAD CAPACITY.

6 THE UNO/FON CHARTERED DC-8 WHICH DEVELOPED ENGINE  
 TROUBLE AT THE FORWARD SUPPORT SITE ON 18 FEBRUARY PRIOR TO  
 DEPARTING FOR THE SUPPORT BASE IS EXPECTED TO BE FLIGHT-READY ON  
 20 OR 21 FEBRUARY. THIS AIRCRAFT HAS BEEN LOADED WITH A  
 MIXED CARGO OF LETHAL AND NON-LETHAL MATERIEL BY THE HEADQUARTERS  
 COMMENT SEE [REDACTED] DATED 15 FEBRUARY 1988.  
 FOR DETAILS OF THE LOAD OF THIS AIRCRAFT.

7 APPROXIMATELY [REDACTED] POUNDS OF UNO/FON LETHAL MATERIEL  
 REMAIN AT THE FORWARD SUPPORT SITE TO BE TRANSPORTED TO THE  
 LOGISTICS BASE

ACD [REDACTED]  
 [REDACTED]

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 TO OIA EXCLUSIVE FOR THE DIRECTOR OIA  
 TO NSA EXCLUSIVE FOR THE DIRECTOR NSA

[REDACTED]

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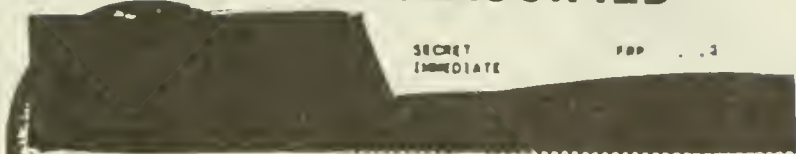
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TOT 32 FEB 86 CIA 748208



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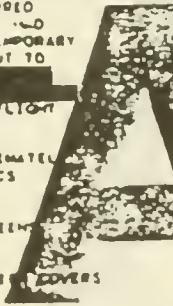
DIST: 22 FEBRUARY 1986  
COUNTRY: NICARAGUA  
SUBJ: SECOND L-100 SUPPLY FLIGHT TO UNCL/PDR LOGISTICS BASE  
DOT:  
SOURCE:

1. ON THE SECOND OF TWO SUPPLY FLIGHTS ON 20 FEBRUARY 1986, AN L-100 AIRCRAFT CARRIED [REDACTED] POUNDS OF CARGO FOR THE UNITED NICARAGUAN OPPOSITION/NICARAGUAN DEMOCRATIC FORCE (UNO/PDR) FROM A FORWARD SUPPORT SITE TO THE UNO/PDR LOGISTICS BASE. THIS IS THE FOURTH IN AN OVERALL SERIES OF BOUNDTRIP FLIGHTS BETWEEN THE SUPPORT SITE AND THE LOGISTICS BASE. THE CARGO WHICH THIS FLIGHT TRANSPORTED CONTAINED THE MED. LETHAL AID WHICH WAS TO HAVE BEEN TRANSFERRED TO THE LOGISTICS BASE ON 18 FEBRUARY BY A DC-8 WHICH UNO/PDR HAD REPAIRED. THE DC-8 EXPERIENCED MECHANICAL DIFFICULTIES AND TEMPORARY REPAIRS, WHICH WERE INITIALLY CONSIDERED FEASIBLE, TURNED OUT TO BE INADEQUATE. (HEADQUARTERS COMMENT: SEE [REDACTED] DATED 20 FEBRUARY 1986, FOR REPORTING ON 20 FEBRUARY. SEE [REDACTED] DATED 16 FEBRUARY 1986, FOR REPORTING ON THE FLIGHT WHICH THE DC-8 WAS TO HAVE MADE.)

2. IN ITS SECOND FLIGHT, THE L-100 ARRIVED AT APPROXIMATELY 1000 HOURS, TOOK ON THE CARGO, AND DEPARTED FOR THE LOGISTICS BASE AT 1300 HOURS. THE CARGO CONSISTED OF

[REDACTED] BOXES AND [REDACTED] SACKS CONTAINING A TOTAL OF [REDACTED] CANTENES WEIGHING A TOTAL OF [REDACTED] POUNDS.  
[REDACTED] BOXES AND [REDACTED] SACKS CONTAINING A TOTAL OF [REDACTED] CANTENES COVERS WEIGHING A TOTAL OF [REDACTED] POUNDS.

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Date 24 March 87  
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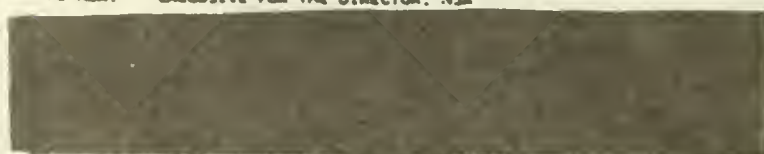
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 TOT FEB 64 CIA 748208

BOX CONTAINING SMALL JUNGLE PACKS WEIGHING A TOTAL OF [REDACTED]  
 BUNDLES AND [REDACTED] BUNDLES CONTAINING A TOTAL OF [REDACTED] POUNDS LINERS  
 A TOTAL OF [REDACTED] POUNDS.  
 BUNDLES CONTAINING PARACHUTE ACCESSORIES WEIGHING A TOTAL  
 OF [REDACTED] POUNDS.  
 BOX CONTAINING CARGO PARACHUTE BAGS WEIGHING A TOTAL OF [REDACTED]  
 POUNDS.  
 TWO TYPE CARGO PARACHUTES WEIGHING A TOTAL OF [REDACTED] POUNDS.  
 SPECIAL T-10 TYPE PARACHUTE WEIGHING [REDACTED] POUNDS.  
 EMPTY METAL AMMUNITION BOXES WEIGHING A TOTAL OF [REDACTED] POUNDS.  
 BUNDLES OF EMPTY CARTONS FOR PACKING WEIGHING A TOTAL OF [REDACTED]  
 POUNDS.  
 BARRELS OF VARIOUS MEDICINES WEIGHING A TOTAL OF [REDACTED] POUNDS.  
 BARRELS CONTAINING A TOTAL OF [REDACTED] COMPLETE CAMOUFLAGE UNIFORMS  
 AND [REDACTED] CAMOUFLAGE SHIRTS WEIGHING A TOTAL OF [REDACTED] POUNDS.  
 BARRELS CONTAINING PARACHUTE RIGGING ACCESSORIES WEIGHING A  
 TOTAL OF [REDACTED] POUNDS.  
 BARRELS CONTAINING A TOTAL OF [REDACTED] PAIRS OF SOCKS, [REDACTED] PAIRS OF  
 JUNGLE BOOTS, AND [REDACTED] SMALL JUNGLE BACKPACKS WEIGHING A TOTAL OF [REDACTED]  
 POUNDS.  
 BARRELS AND [REDACTED] SACKS CONTAINING A TOTAL OF [REDACTED] UNDERPANTS  
 AND [REDACTED] T-SHIRTS WEIGHING A TOTAL OF [REDACTED] POUNDS.  
 SACKS CONTAINING A TOTAL OF [REDACTED] PAIRS OF SOCKS WEIGHING  
 A TOTAL OF [REDACTED] POUNDS.  
 BOXES OF C-4 EXPLOSIVES WEIGHING A TOTAL OF [REDACTED] POUNDS.  
 BOXES CONTAINING A TOTAL OF [REDACTED] M-79 GRENADES WEIGHING  
 A TOTAL OF [REDACTED] POUNDS.  
 CARGO TRACKS WEIGHING A TOTAL OF [REDACTED] POUNDS

ACO: [REDACTED]

DISSEM: WASHINGTON:  
 TO STATE: EXCLUSIVE FOR THE DIRECTOR, INR  
 TO DIA: EXCLUSIVE FOR THE DIRECTOR, DIA  
 TO NSA: EXCLUSIVE FOR THE DIRECTOR, NSA



END OF MESSAGE SECRET

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 Date 24 March 97  
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TOR: 21 [REDACTED] MAR 86

S E C STAFF

CIA OFFICER EXHIBIT  
#

CITE

TO: IMMEDIATE DIRECTOR [REDACTED]

SUBJECT: APPROVAL FOR ARRIVAL OF CARIBOU AIRCRAFT

REF: [REDACTED] 0287398

1. [REDACTED]  
2. AT THIS TIME [REDACTED] ONLY CONFIRM TAIL  
NUMBER OF THE AIRCRAFT WHICH IS [REDACTED] RM ETA [REDACTED]  
AND CREW DATA WILL BE FORWARDED AS SOON AS AVAILABLE.

3. FILE: [REDACTED] DECL OADR [REDACTED] UM 4-82.  
END OF MESSAGE S [REDACTED]

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Caribou Approval -  
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TOR 24 APR 86

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CITE [REDACTED]

TO: IMMEDIATE DIRECTOR, [REDACTED]

OK  
NOV/57

SUBJECT: [REDACTED] UNO/FDN SUPPLY FLI 7-16 APRIL 1986

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SUPPLY FLIGHTS BETWEEN THE [REDACTED] UNITED  
NICARAGUAN OPPOSITION/NICARAGUAN C-4 AIRCRAFT FORCE (UNO/FDR).  
[REDACTED] OCCURRED ON 7 AND 16 APRIL 1986. ON  
THE FIRST OF THESE FLIGHTS, [REDACTED] BOXES OF C-4 EXPLOSIVES WEIGHING  
A TOTAL OF [REDACTED] POUNDS WERE TRANSPORTED BY CARIBOU AIRCRAFT  
[REDACTED] TO THE UNO/FDR

2. [REDACTED] RECEIVED APPROVAL [REDACTED]  
UNO/FDN HQS [REDACTED] TO USE THE CARIBOU AND C-1 [REDACTED]  
TO TRANSPORT LETHAL AID ON 7 AND 16 APRIL RESPECTIVE [REDACTED]  
CREWS OF BOTH AIRCRAFT AGREED TO THIS. THE CARIBOU [REDACTED] C-1  
WERE PREVIOUSLY FLYING EMPTY FROM [REDACTED] AFTER [REDACTED]  
TO [REDACTED] HAD BEEN WARNED REPEATEDLY BY [REDACTED]  
PUT LETHAL AID ON THESE NMAO AIRCRAFT. WE HAVE NO [REDACTED]

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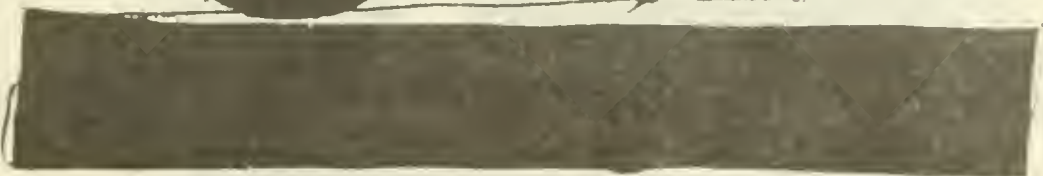
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PAGE 002

IN 0674801

TOR: 24 APR 86

ON WHAT CONCURRENCE UNO/FDN HQS HAS OBTAINED BEFORE ALLOWING  
TO LETHAL IN THE CARIBOU AND C-123.



4. NO FILE. DECL OADR ORV HUM 4-82.

END OF MESSAGE

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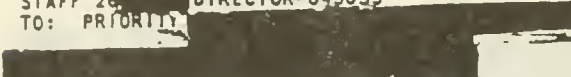
DIRECTOR 845653

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STAFF 26

DIRECTOR 845653

TO: PRIORITY



SUBJECT: UNO/FOM SUPPLY FLIGHTS

REF: [REDACTED] 0674841

1. APPRECIATE INFORMATION CONTAINED REF. C-7 CARIBOU AND C-123 FLIGHTS ARE NOT NHAO SUPPORTED. PER DISCUSSION WITH NHAO REP ON 24 APRIL, NHAO DOES NOT HAVE A CONTRACT OR CHARTER ARRANGEMENT FOR THESE AIRCRAFT. WE THEREFORE ASSUME THESE FLIGHTS ARE BEING PAID FOR BY THE FOM OR BY PRIVATE BENEFACTORS. [REDACTED] CORRECT IN THAT NO REPEAT NO LETHAL AID CAN BE CARRIED ON NHAO FLIGHTS.

2. SINCE C-7 CARIBOU AND C-123 AIRCRAFT ARE NOT FUNDED BY NHAO, WE KNOW VERY LITTLE ABOUT HOW THEY ARE BEING UTILIZED. THEREFORE, HQS APPRECIATES REF REPORT AND WOULD LIKE TO BE KEPT INFORMED ON THE USE OF THESE AIRCRAFT.

3. FILE: [REDACTED] DECL OADR ORV HUM 4-82 ALL  
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ORIG: [REDACTED] AUTH: [REDACTED] : COORD:  
[REDACTED] REL: CLACATF [REDACTED] CL BY

END OF MESSAGE

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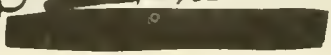
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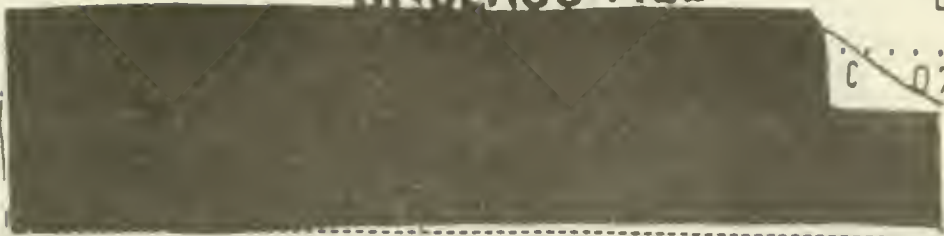
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TOR: 26 APR 86

S E C R E T 26 APR 86 STAFF

CITE

TO: IMMEDIATE DIRECTOR.

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by K. Johnson, National Security Council

SUBJECT: UMO/FDM SUPPLY FLIGHTS

REF: 0674841

1. WHILE WE RECOGNIZE THAT THERE HAS BEEN HOS REPORTING TO THE CONTRARY, C/MHMO, DURING RECENT VISIT [REDACTED] TOLD US THAT MHMO DOES NOT RPT NOT HAVE A CONTRACT WITH THE OPERATORS OF REF AIRCRAFT, ALTHOUGH HE DID SAY THAT HE SUPPOSED THAT MHMO WOULD EVENTUALLY PAY FOR FLIGHTS BY THE AIRCRAFT WHICH CARRIED HUMANITARIAN SUPPLIES. WE CONCLUDE, THEREFORE, THAT THERE IS NO RESTRICTION UPON REF AIRCRAFT CARRYING LETHAL SUPPLIES PROVIDED THE OPERATOR DOES NOT BILL MHMO FOR THE FLIGHT. THEY ARE NOT "MHMO AIRCRAFT."

5161

2. THERE REMAINS A CONSIDERABLE DEGREE OF CONFUSION AS TO COORDINATION OF THE FLIGHTS. FOR THE MOST PART, BOTH UMO/FDM [REDACTED] LEARNED OF REF FLIGHTS WHEN THEY ARRIVED, OR WITHIN [REDACTED] MINUTES OF THEIR ARRIVAL. [REDACTED] THE CARIBOU AND C-123 WERE NOT COORDINATED IN ADVANCE [REDACTED] THE C-123 WAS COORDINATED AFTER THE FACT BECAUSE IT WAS ITS FIRST APPEARANCE ON THE SCENE (BUT WITH WRONG INFO. AS DETAILED BELOW.) [REDACTED] UMO/FDM TO TELL [REDACTED]

CLEARANCE FOR THE FLIGHTS.

4. THE PRIMARY OFFENDERS ON THE UNANNOUNCED ARRIVALS AND DEPARTURES ARE THE CREWS OF THE CARIBOU. WE HAVE FIGURED OUT ON OUR OWN THAT THEY GENERALLY LEAVE AT NOON ON FRIDAYS TO [REDACTED]

26 Apr 86

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PAGE 002

IN 0688673

TOR: 26 APR 86

RETURN TO [REDACTED] FOR THE WEEKEND, AND GENERALLY RETURN TO [REDACTED] AT NOON ON MONDAY. HOWEVER, THEY DO NOT ANNOUNCE THEIR INTENTIONS TO ANYONE--THEY JUST LEAVE. WE HAD GOTTEN TO THE POINT WHERE WE AUTOMATICALLY NOTIFIED THE [REDACTED] THAT THEY WOULD BE RETURNING FROM MAINTENANCE ON MONDAY WHICH WORKED AS LONG AS THEY ACTUALLY DID SO.



7. FILE: [REDACTED]  
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END OF MESSAGE

OECL OADR DRV HUM 4-82. ALL

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REVIEWED FOR RELEASE

DATE 24 March 87  
HSC & SSC

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9 APR 86

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OUTGOING



86 0490444 ASO PAGE 001  
TOT: 09 APR 86 DIRECTOR 817901

STAFF OF DIRECTOR 817901  
TO: IMMEDIATE IMMEDIATE

CIA OFFICER Ex #12

SUBJECT: UNO/FOM LETHAL DROP TO MAC'S

REF: 62409 0478048

1. PER REF, FOLLOWING ROUTE INFORMATION FOR MAC DROP IS PROVIDED



1044

3. FILE: DECL OADR DRV HUM 4-82. ALL  
SECRET -> ORIG: LA AUTH: LA REL:  
C/LA . CC BY  
END OF MESSAGE SECRET

OR RELEASE

Partially Declassified/Released on 30 May 1987  
under provisions of E.O. 12356  
by 2. Razer, National Security Council

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09 APR 86

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CIA OFFICER Ex. #13

**UNCLASSIFIED**

18 Aug 86 8/18/86



S E [redacted] AUG 86 STAFF

CIT [redacted]

TO: IMMEDIATE [redacted]

SUBJECT: UNO/SOUTH RESUPPLY DROP

REFS: A. [redacted]  
B. [redacted]  
C. [redacted]

1. ACTION REQUIRED: CONFIRMATION OF DROP ZONE (DZ).

2. UNO/FDN ADVISES THAT PRIVATE BENEFACTOR CARIBOU IS STANDING BY [redacted] WITH RESUPPLY MATERIALS FOR AIR DROP TO UNO/SOUTH. THEY NEED IMMEDIATE CONFIRMATION OF DZ FROM UNO/SOUTH IN ORDER TO PROCEED. PLEASE HAVE UNO/SOUTH CONTACT UNO/FDN WITH CONFIRMATION OF DZ ASAP. WOULD APPRECIATE PASSING SAME INFO TO OPS BASE VIA THIS CHANNEL.

3. FILE: [redacted] DECL OADR RV HUM 4-82.  
ALL SECRET. [redacted] SECRET.  
END OF MESSAGE

*This is not Koshee! We should not be using our comms to help this.*

*-this info staying passive*

*not now*

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27 MAR 87  
HSC + SSC



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by B. Ruler, National Security Council

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*Compliance*

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86 2047505 ASO PAGE 001 IN 2047505  
TOR: 04 [REDACTED] SEP 86 [REDACTED]

SECRET 04 SEP 86 STAFF

CITE [REDACTED]

TO: IMMEDIATE INFO IMMEDIATE DIRECTOR [REDACTED]

Partially Declassified/Released on 3 Feb 88  
under provisions of E.O. 12356  
by K. Johnson, National Security Council

SUBJECT: [REDACTED] SUPPLIES HELD AT [REDACTED]

REF: [REDACTED] 2043743

1. ACTION REQUIRED: PLEASE TAKE APPROPRIATE ACTION WITH UNO/SOUTH TO DISCOURAGE APPROPRIATION OF UNO/SOUTH SUPPLIES.

2. THE [REDACTED] SUPPLIES STORED AT [REDACTED] AND MENTIONED REF, WERE ORIGINALLY EARMARKED FOR [REDACTED] FORCES OPERATING IN THE SOUTHERN FRONT. [REDACTED] ABILITY TO ORGANIZE THE SECURE RECEPTION OF THESE SUPPLIES, UNO/SOUTH SUBSEQUENTLY DESIGNATED THESE SUPPLIES FOR OTHER UNO/SOUTH UNITS; HOWEVER, DUE TO THE UNAVAILABILITY OF FUNCTIONING AIRCRAFT THE DELIVERY OF THESE SUPPLIES HAS BEEN DELAYED. UNO/SOUTH ADVISES THAT AT LEAST ONE BENEFACTOR AIRCRAFT WILL BE CAPABLE OF HANDLING RESUPPLY TO THE SOUTH IN THE VERY NEAR FUTURE.

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3. [REDACTED] SYMPATHIZES WITH UNO/SOUTH PLIGHT BUT MUST SUPPORT UNO/SOUTH DECISION THAT ITS NEEDS ARE ALSO URGENT AND RECEIPT OF REF EQUIPMENT REPRESENTS THEIR ONLY HOPE OF HOLDING OUT UNTIL FUNDING RESUMES. UNO/SOUTH EXPECTS THAT PRIVATE BENEFACTORS WILL RESPECT ITS PRIMACY FOR THE EQUIPMENT AND SUPPLIES STORED AT [REDACTED]

REVIEWED FOR RELEASE  
Date 25 March 87  
HSC + SSC

4. FILE: [REDACTED] DECL OADR ORV HUM 4-82.

END OF MESSAGE

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SECRET 06 SEPT 86 STAFF  
CITE  
TO: IMMEDIATE DIRECTOR,

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Partially Declassified/Released on 3 FEB 88  
under provisions of E.O. 12356  
by K. Johnson, National Security Council

SUBJECT: REQUIRED UNO/FDN EFFORT TO RESOLVE THE SITUATION

1. ACTION REQUIRED: PLEASE ADVISE UNO/FDN DISPOSITION FOR CONDUCTING AIRDROPS TO THE SOUTHERN FRONT PERSONNEL (SFP). PLEASE ATTEMPT TO BRING FDN SITUATION UNDER CONTROL.



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Date 25 March 87  
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06 Sep 86

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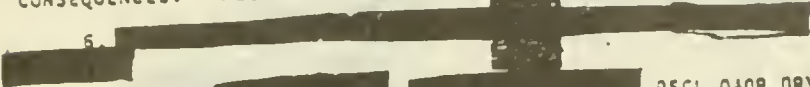
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TOR: 06

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6. [REDACTED] BELIEVES THAT IT IS IMPERATIVE THAT THE FOM SHOWS THAT THE EQUIVALENT GOODWILL AND UNITY SOUGHT IN THE POLITICAL AREA IS ALSO APPLIED TO THE MILITARY EFFORT. ONE STEP WHICH CAN BE TAKEN AT THIS TIME TO HELP ALLEVIATE THE TENSE SITUATION AND PROVIDE A MUCH NEEDED BOOST TO SFP'S MORAL IS FOR THE FOM TO PROVIDE AN AIRDROP OF MILITARY SUPPLIES TO [REDACTED] FORCES. IF [REDACTED] HOPES TO HAVE A SOUTHERN FRONT TO SUPPORT OUR FUTURE EFFORTS, BELIEVE IT IS INCUMBENT UPON THE FOM TO PROVIDE MINIMAL MATERIAL SUPPORT TO THE SOUTHERN FRONT NOW. IF SOME TANGIBLE AID IS NOT FORTHCOMING TO THE SOUTHERN FORCES, THE FOM (AND BY EXTENSION THE RESISTANCE) MUST BE PREPARED TO DEAL WITH THE CONSEQUENCES. PLEASE ADVISE.



7. FILE: [REDACTED]  
 HUM 4-82.  
 END OF MESSAGE

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Date 25 March 87

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SECRET 06 SEP 86 STAFF

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TO:

INFO DIRECTOR

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SUBJECT: SUPPORT FOR SOUTH AIRDROPS

Partially Declassified/Released on 3 Feb 88  
under provisions of EO 12958  
by K. Johnson, National Security Council

REF: 2076778

1. ACTION REQUESTED: SEE BELOW.

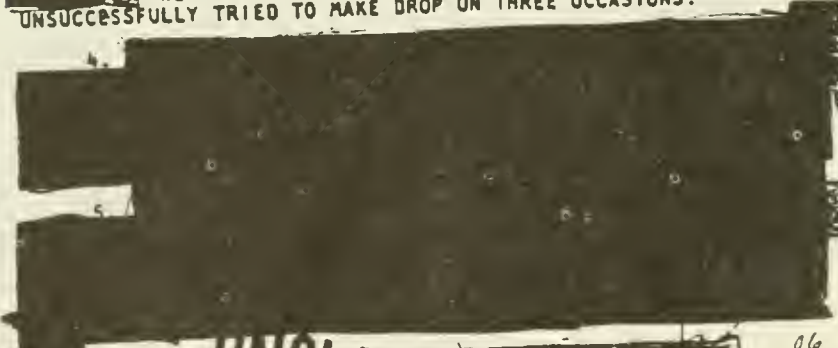


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3. PLEASE ADVISE [REDACTED] ETC. THAT [REDACTED] DOES NOT  
HAVE ANY AIRCRAFT FLYABLE THAT CAN SUPPORT AIR DROPS AS  
FAR SOUTH AS THEIR OPERATING AREA. THE [REDACTED] IS DOWN FOR  
CONSIDERABLE MAINTENANCE.

[REDACTED] HAS NO CONTROL OVER THE PRIVATE BENEFACTOR CARIBOUS  
AND C-123S AND HAS BEEN ADVISED THAT BOTH C-123'S ARE DOWN  
FOR MAINTENANCE AND THE ONE C-7 THAT FLIES IS IN MARGINAL  
CONDITION. THUS, THE [REDACTED] POUNDS SCHEDULED FOR DROP TO  
THE SOUTHERN FRONT IS STILL WAITING FOR AN AIRCRAFT.  
[REDACTED] WE UNDERSTAND THE PRIVATE BENEFACTORS HAVE  
UNSUCCESSFULLY TRIED TO MAKE DROP ON THREE OCCASIONS.

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Date 25 March 87  
HSC + SSC



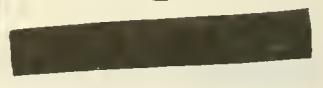
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SECRET 06 SEP 86 STAFF

CITE

TO: IMMEDIATE DIRECTOR,

Partially Declassified/Released on 3 FEB 88  
under provisions of E.O. 12356  
by K. Johnson, National Security Council

SUBJECT: POTENTIAL UNO/FDN ACTION TO SALVAGE THE SOUTHERN FRONT

REFS: A. DIRECTOR 045831  
B. [REDACTED]  
C. [REDACTED]

5154

1. ACTION REQUESTED: NONE. FYI

2. THE UNO/FDN FULLY UNDERSTANDS THE PROBLEM IN THE SOUTH AND IS WILLING TO DO ANYTHING IN ITS POWER TO ASSIST. AS OUTLINED IN REF C, THE LIMITING FACTOR IS THE LACK OF AN AIRPLANE THAT CAN FLY THE CARGO TO THE SOUTH. THE UNO/FDN IS GROUNDED FOR MAINTENANCE AND SPARE PARTS AND THE UNO/FDN HAS NO CONTROL OVER THE PRIVATE BENEFACTOR C-123'S WHICH WE UNDERSTAND ARE ALSO DOWN FOR MAINTENANCE.

3. THE UNO/FDN IS ALSO WILLING TO USE ITS CREDIT WITH THE ARMS SUPERMARKET TO OBTAIN AMMUNITION AND WEAPONS TO MEET THE NEEDS OF THE SOUTH.

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Date 25 AUG 85

4. THE UNO/FDN KNOWS THE IMPORTANCE OF THE SOUTHERN FRONT AND HAS ENJOINED TO COOPERATE WITH SOUTHERN FRONT COMMANDERS. THEY BELIEVE HE HAS DONE SO.

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5. FILE: [REDACTED]  
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END OF MESSAGE

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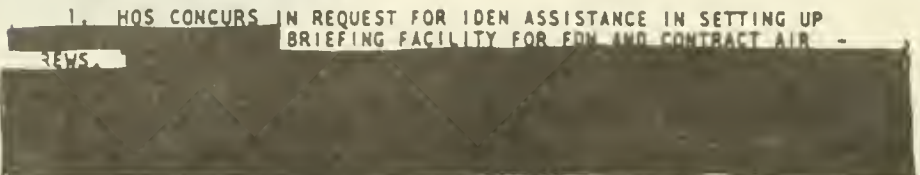
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86 20A0949 ASP PAGE 001  
TOT: 03 SEP 86 DIRECTOR 038759

SECRET  
STAFF 03 DIRECTOR 038759  
TO:

Ex. #15

SUBJECT:  
REF: 2006625



1. HOS CONCURS IN REQUEST FOR IDEN ASSISTANCE IN SETTING UP BRIEFING FACILITY FOR EDM AND CONTRACT AIR

2. FILE: DECL OADR (RV HUM 4-82 ALL SECRET.)  
ORIG: LA ; AUTH: C/LA ; COORD:  
C/LA ; LA ; REL: DC/LA CL BY

END OF MESSAGE

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REVIEWED FOR RELEASE  
Date 25 March 87

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under provisions of E.O. 12356  
by K. Johnson, National Security Council

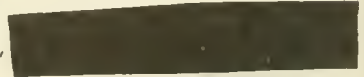
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The first part of the paper is devoted to a
 general discussion of the problem.

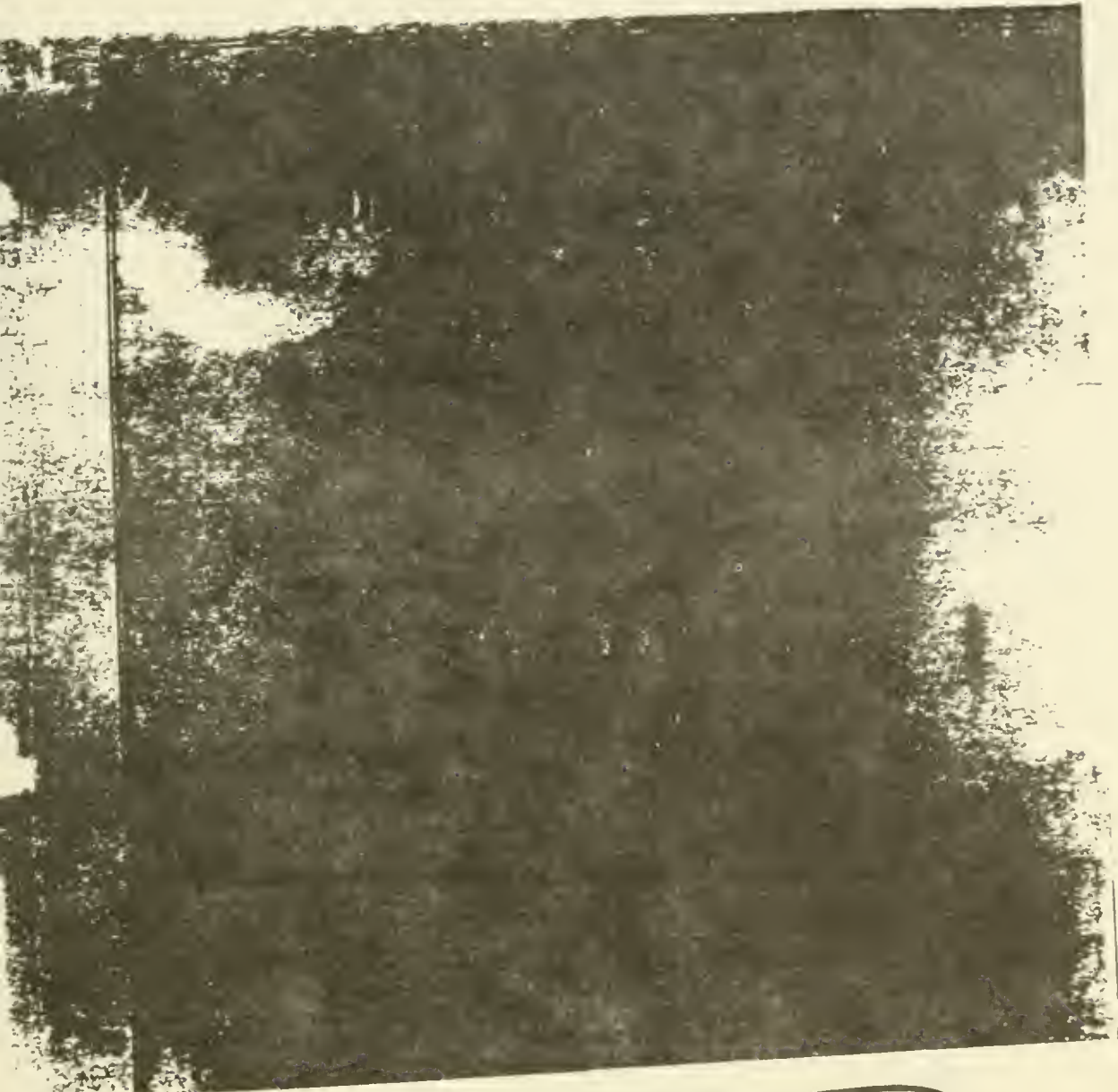
In the second part we shall consider
 the case of a homogeneous medium.

The third part is devoted to the
 case of an inhomogeneous medium.

In the fourth part we shall
 consider the case of a medium with
 a periodic structure.

Finally, in the fifth part we
 shall consider the case of a
 medium with a random structure.





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under provisions of E.O. 12356  
by D. Sirko, National Security Council

4015

1 **UNCLASSIFIED**  
CONFIDENTIAL

2 UNITED STATES SENATE

3 SELECT COMMITTEE ON

4 SECRET MILITARY ASSISTANCE TO

5 IRAN AND THE NICARAGUAN OPPOSITION

6  
7 DEPOSITION OF C. THOMAS CLAGETT, JR.

8 Washington, D. C.

9 Friday, April 3, 1987

10 Deposition of C. THOMAS CLAGETT, JR., called for exam-  
11 ination pursuant to subpoena, at the Hart Senate Office  
12 Building, Suite 901, at 9:00 a.m., before DAVID L. HOFFMAN,  
13 a notary Public within and for the District of Columbia, when  
14 were present on behalf of the respective parties:

15 W. THOMAS MCGOUGH, JR., ESQ.  
16 Associate Special Counsel  
United States Senate Select  
17 Committee on Secret Military  
Assistance to Iran and the  
18 Nicaraguan Opposition

19 THOMAS FRYMAN, ESQ.  
Assistant Majority Counsel  
KENNETH R. BUCK, ESQ.  
20 Assistant Minority Counsel  
United States House of Representatives  
21 Select Committee to Investigate  
Covert Arms Transactions with Iran

22 HENRY FLYNN  
Special Investigator

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22C O N T E N T SWITNESSEXAMINATION

C. Thomas Clagett, Jr. .

by Mr. McGough

3

by Mr. Fryman

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by Mr. Buck

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E X H I B I T SCLAGETT DEPOSITION NUMBERIDENTIFIED

Exhibit 1

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Exhibits 2 through 5

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## P R O C E E D I N G S

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Whereupon,

C. THOMAS CLAGETT, JR.

was called as a witness and, having been first duly sworn,  
was examined and testified as follows:

MR. MC GOUGH: Let's go on the record.

## EXAMINATION

BY MR. MC GOUGH:

Q Mr. Clagett, I'm Tom McGough, Associate Special  
Counsel here at the Senate Select Committee. I am going to  
be asking you a few questions today about a matter I believe  
you were interviewed about concerning the National Endowment  
for the Preservation of Liberty.

A I interviewed about it?

Q Yes, I believe you were interviewed.

A I was interviewed.

Q You spoke to Hank Flynn and Tom Simansky a few  
days ago.

Let me begin now by telling you, obviously, as  
they may have advised you, you have the right to counsel, if  
you so care. I note today you appear without counsel. Is  
that by your own choice?

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DEC 12 1987

under provisions of E.O. 12356

By D. Sirko, National Security Council

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1 A I have no desire for counsel.

2 Q The investigation is being conducted pursuant to  
3 Senate Resolution 23 --

4 A Whatever that is.

5 Q -- which authorizes the committee to conduct it.  
6 I can provide you with a copy of it, if you would care to  
7 see it.8 MR. MC GOUGH: Let the record reflect that Henry  
9 Flynn has just entered the office.


10 BY MR. MC GOUGH:

11 Q Let me just begin by asking you some personal  
12 information.13 Would you give us your full name and your present  
14 home address and business address.

15 A I have no business address.

16 My name is Charles Thomas Claggett, Jr. I go by  
17 the name of C. Thomas Claggett, Jr., for family reasons. I  
18 live -- do you wish me to continue?

19 Q Yes. I was going to say, where do you live?

20 A 

21 Q What is your date of birth, Mr. Claggett?

22 A November 19, 1914.

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Q Do you recall your Social Security number?

A [REDACTED], I believe. I'd better check that.

(A pause.)

MR. MC GOUGH: Let's mark this as Deposition

Exhibit 1, if we could.

(Exhibit 1 identified.)

BY MR. MC GOUGH:

Q Mr. Clagett, I am going to show you what has been marked as Deposition Exhibit 1, which I believe is a subpoena which was served upon you a few days ago. Is that correct?

A That is correct.

Q It includes with it a request --

A I don't know that I have read this.

Q Well, let me summarize the Request for Document Production. It requested that you produce, essentially, documents relating <sup>to</sup> the National Endowment for the Preservation of Liberty.

A Well, I can answer that question right quickly. I have no documents in my possession.

Q I understand that.

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1 A The documents I did have have been turned over to  
2 the grand jury. What grand jury is that?

3 Q The Independent Counsel.

4 MR. FLYNN: Judge Walsh.

5 THE WITNESS: They are not in my possession.

6 BY MR. MC GOUGH:

7 Q You did, however, give to our investigators copies  
8 of four checks.

9 A That is correct.

10 MR. MC GOUGH: I would like to have marked as  
11 Deposition Exhibits 2, 3, 4 and 5 --

12 THE WITNESS: Let me look at those, please.

13 MR. MC GOUGH: Sure.

14 (A pause.)

15 (Exhibits 2-5 identified.)

16 MR. MC GOUGH: Mr. Buck, Ken Buck, who is  
17 Assistant Minority Counsel for the House Committee is going  
18 to join us.

19 THE WITNESS: Minority or majority?

20 MR. MC GOUGH: He's minority. Mr. Fryman is  
21 majority.

22

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BY MR. MC GOUGH:

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Q Mr. Clagett, could you tell me your educational background, please.

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A Normal grade schools, and so on. College, for the B.A. degree, St. Johns College in Annapolis, Maryland, 1939, period.

5

6

7

Q Do you have military background?

8

A Yes, I do.

9

Q Could you tell me that military background?

10

A I was with the United States Navy Reserve. I went on active duty in March 1941 and on inactive duty, 1945, about November, I believe. I believe it was the day after the bomb was dropped and after things were over. I stayed in the Reserve until I had my back work done, and I was doing all right, and I just got out. I should have stayed in, frankly. I'd have got some nice retirement pay.

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Q You say you went out into business. There's

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obviously a considerable period of time between the time you left active duty and today.

19

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Could you give me just a general summary of your line of work?

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A A general summary. Before I went into the

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1 military, into the Navy, I worked for the telephone company,  
 2 Chesapeake & Potomac here in Washington. Upon my return  
 3 from active duty, it was obvious that the people who had not  
 4 gone into military service were up here, and I was going to  
 5 have to come back there at much lower, so I decided not to  
 6 return.

7 I then did various things. I sold airports to  
 8 local communities. I had a piece of an airport engineering  
 9 outfit, ~~I worked for in Washington~~ *located in Washington D.C.* Another guy and I  
 10 started a trotting track. I got into the coal mining *in Laurel Maryland*  
 11 business. *in Illinois* Coal, at that time, everybody thought was dead.  
 12 And I got involved in the coal mining business, and that is  
 13 where I ended up. Having mining endeavor.

14 Q Where was your coal mining business located?

15 A Southern Illinois and Western Kentucky.

16 Q Did you, at some point, retire, or are you still  
 17 actively employed?

18 A No, I am not active any longer in that. I was in  
 19 that business for some 30-some years. In 1972, I believe it  
 20 was, '72, '73, my company was merged into Houston Natural  
 21 Gas on a stock ~~transfer~~ *exchange*, and I went on the board of  
 22 Houston. And I retired from my work with Houston Natural

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JAVbw 1 Gas this past year, the beginning of '86, '85. And now I am  
2 tending to my own affairs.

3 Q Could you tell me the first contact you had with  
4 the National Endowment for the Preservation of Liberty?

5 A I believe I received some kind of a communication  
6 through the mail.

7 Q Do you remember who had signed that communication?

8 A I believe Channell signed it.

9 Q That would be Carl Channell?

10 A I would think so.

11 Q Do you remember what the substance of that  
12 communication was?

13 A Asking for money for support of the  
14 anti-Sandinistas.

15 Q Did it indicate what kind of support would be  
16 provided to the anti-Sandinistas?

17 A I don't remember what kind of support that letter  
18 might have said. I don't have it. It went out? I sent  
19 them, I believe, \$50 or something. I don't know.

20 It struck a chord with me, however.

21 Q Do you remember --

22 A Let me finish this, please. It struck a chord,

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1 because of the fact that I have watched the infiltration of  
2 communists, Soviet Union and communism into the underbelly  
3 of this country, beginning with Cuba. I saw the influence  
4 of it back in the '30s, <sup>in College</sup> really at the beginning, and I saw  
5 it down in through the islands and in through the isthmus,  
6 and in my opinion, it is going to keep coming, if we don't  
7 stop it. And our country will then be in a horrible  
8 situation.

9 Q And it was this letter from NEPL, or NEPL, as  
10 we've called it, that struck this chord with you?

11 A Yes, it struck a chord with me, yes.

12 Q Do you recall approximately when you received that  
13 letter?

14 A Not exactly.

15 Q Let me give you a point of reference. I believe  
16 you told Mr. Flynn that you made a visit to the White House  
17 on November 21, 1985. With reference to that day, that  
18 visit to the White House, do you have any idea?

19 A I was confused in that conversation as to the  
20 exact date, whether it was the 30th or the 21<sup>st</sup>, or what  
21 have you or January or November. I'm not sure. I indicated  
22 that at that time.

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Am I correct on that?

MR. FLYNN: Yes. Approximately.

BY MR. MC GOUGH:

Q Let's say approximately the end of 1985 or early 1986.

Can you, in reference to that, tell me how long before that visit you might have received this initial communication from NEPL?

A No. I don't -- I didn't think it was all that important. I have received many communications for money for political and other things. And I hope I am a loyal, patriotic American, and I have sent money to various -- as a result of various letters that I have received in the defense -- requesting money for the defense of our country. And I have been very, very unhappy and very concerned about the unfortunate -- in my opinion, unfortunate way our Congress has allowed foreign influences into this country. It disturbs me deeply.

Q Was there ultimately -- did you ultimately have contact with a man by the name of Chris Littledale?

A Yes, I did.

Q Can you tell me how that happened?

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DAVbw 1 A He came to see me. He telephoned and telephoned  
2 and telephoned and then came to see me. And the whole  
3 background of it was, the contras against the Sandinistas,  
4 against the communist influence, infiltration. And again,  
5 it struck a chord, because if Nicaragua falls to the Russian  
6 influence, then it is going to be a bunch of dominos coming  
7 right up the isthmus, in my opinion. And I don't like that  
8 at all.

9 Q When Mr. Littledale visited you, did he visit you  
10 at your apartment in the Watergate?

11 A Yes, he did.

12 Q Did he, at that point, solicit money from you?

13 A He did.

14 Q Did he tell you what the money would be used for?

15 A I could not specifically say exactly what it would  
16 be used for. He talked about helping the resistance to the  
17 Sandinistas.

18 MR. MC GOUGH: Excuse me. We will go off the  
19 record for one second.

20 (Discussion off the record.)

21 BY MR. MC GOUGH:

22 Q We were talking, I believe about Mr. Littledale's

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DAVbw 1 visit to you. And you said that he solicited money to  
2 assist<sup>e</sup> the contras.

3 I had asked you if you could remember what kind of  
4 assistance he spoke of at that meeting.

5 A The conversation, as I remember it, was general,  
6 and I don't think that I could point to any specific usage.  
7 I am, having served in the military myself, I am aware that  
8 it takes many things to support a military operation, which  
9 is what the contras are trying to do, with very little  
10 assistance from our country.

11 Q There came a time, did there not, when you visited  
12 the White House and made a visit to the Hay-Adams Hotel and  
13 the White House?

14 A Uh-huh; yes.

15 Q Let's put a frame on it. I believe you told  
16 Mr. Flynn sometime late in '85 or early '86.

17 A Correct.

18 Q Can you tell me, first of all, how were you  
19 invited. How did the invitation come to you, if you recall?

20 A I believe it was --

21 MR. FLYNN: A mailgram.

22 THE WITNESS: Mailgram, what you call it.

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BY MR. MC GOUGH:

Q Obviously, you responded that you would attend?

A Yes, I did.

Q Can you tell me where you went first?

A I went to the Hay-Adams, I believe.

Q What happened at the Hay-Adams; do you recall?

A Again, I do get confused, because I have been at the Hay-Adams a couple of times. That particular time, when we went to the White House, I believe we gathered there, went over to the White House. I believe it was in the afternoon, later in the afternoon. And we went over to the Roosevelt Room and various people talked to us. And then Mr. Regan came into the room first, shortly thereafter, greeted us, and shortly thereafter, was followed by the President, who greeted us in a very warm manner and a picture-taking session ensued, after which the President left. And then we left to go back to the Hay-Adams, if my memory serves me correct, where we had dinner.

MR. FRYMAN: Could we go off the record for one second.

(Discussion off the record.)

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- 1 MR. MC GOUGH: Let's go back on the record.
- 2 BY MR. MC GOUGH:
- 3 Q Let's back up for a moment. When you went to the
- 4 Hay-Adams Hotel, who was there from NEPL, do you remember?
- 5 A What is "NEPL"?
- 6 Q I'm sorry. N-E-P-L -- The National Endowment for
- 7 the Preservation of Liberty.
- 8 A First, Channell, and I think the other guy was
- 9 there too.
- 10 Q Littledale?
- 11 A I think so. I'm not positive.
- 12 Q When you first went to the Hay-Adams, do you know
- 13 if there were any government people there, anyone from the
- 14 White House?
- 15 A Vaguely. I think there was a gentleman from the
- 16 White House, who came over with us and got us ~~in~~ <sup>into the white house</sup>. I'm not
- 17 positive of that, but I suspect, I think so.
- 18 Q So you went to what you believe was the Roosevelt
- 19 Room in the White House, and Donald Regan came is; is that
- 20 right?
- 21 A That was after we had been talked to by others.
- 22 Q Do you remember who else talked to you at the

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JAVbw

1 White House?

2 A No, I do not. I could not name them. I'm lousy  
3 on names, really.

4 Q That's all right.

5 Was Colonel North one of the people who spoke to  
6 you initially, if you know?

7 A I'm not sure whether Colonel North was over there  
8 at that time. I know that Colonel North -- my recollection  
9 is that Colonel North talked to us at the dinner. Now  
10 whether he was at the White House with us, I could not  
11 recall.

12 Q Do you remember what the topic was before Donald  
13 Regan came in? Do you know what the topic was of the  
14 presentation?

15 A The concern of what the Sandinistas were doing to  
16 Nicaragua, and they had to be resisted. That was the  
17 general idea of the whole thing.

18 Q Did anyone at -- well, let me start again.

19 Do you remember what, if anything, Mr. Regan said?

20 A I don't remember what he said. I indicated there  
21 were reasonable pleasantries. Beyond that, I'm damned if I  
22 know, and the President, the same way. He was very

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JAVbw

1 pleasant, but specifically, I think you fully realize in a  
2 situation like that, that Mr. Regan and President Reagan are  
3 going to be gracious, and that is probably about all.

4 Q I understand that.

5 A I hope you do.

6 Q At any point during that day, did you see any  
7 other government officials that you might have recognized?  
8 Vice President Bush?

9 A No, I don't recollect seeing Vice President Bush  
10 at that particular time.

11 Q Would you know Elliott Abrams, Under Secretary of  
12 State?

13 A I know him by name. I'm not too sure what he  
14 looks like. I've heard him; I've seen him on TV, and I  
15 happen to admire him.

16 Q But as far as you know, you did not see him -- you  
17 just don't remember seeing him that day?

18 A Not specifically.

19 Q How about Admiral Poindexter?

20 A No, I don't believe I've ever seen Admiral  
21 Poindexter. I may have, but I wouldn't remember it. I  
22 don't think I have.

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4400 02 04

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JAVbw

1 Q During your visit to the White House did anyone  
2 bring up the subject of contributions or solicitations for  
3 money?

4 A My friend, what do you think Channel and  
5 Littledale were doing all the time?

6 Q I understand.

7 A Now if you want me to say they did it in the White  
8 House or out the White House, I can't say that; I don't  
9 know. All I do know is that they were after money all the  
10 time.

11 Q After the White House briefing, you went back the  
12 the Hay-Adams Hotel, as best you recall?

13 A That's my remembrance.

14 Q I believe you told Mr. Flynn that Colonel North  
15 and Mr. Calero and a freedom fighter --

16 A Two freedom fighters, I believe.

17 Q -- two freedom fighters were at the hotel.

18 A I believe so.

19 Q Do you remember what happened at the hotel? Was  
20 there a presentation of any kind?

21 A Oh, yes. They got up. Calero talked to us.  
22 Colonel North talked to us. And it was a very interesting

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1 situation. They tried to tell us what was going on down  
2 there, and it was not very pleasant.

3 Q Do you remember if Mr. Channel or Mr. Littledale  
4 spoke to the group at the Hay-Adams?

5 A I believe probably -- I think Mr. Channell did,  
6 and I know that Littledale talked to me, and so did  
7 Channell.

8 Q Now you indicated that at that point or at some  
9 point during that day, you were solicited for money.

10 A I was.

11 Q And that you pledged \$20,000.

12 A I pledged \$20,000.

13 Q Can you tell me, was it in the open group? Was it  
14 an open solicitation, or was it someone who approached you  
15 individually?

16 A Well, I think it was in the room, and there were  
17 other people there, as I remember. They didn't get me in a  
18 cubbyhole and talk to me; no.

19 Q Do you remember to whom you pledged the money?

20 A To the effort to counter the Sandinistas.

21 Q How did you make the pledge? Did you stand up and  
22 say "I will pledge"?

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DAVbw 1 A No, I didn't stand up, make a hero, and this, that  
2 and the other stuff, no. There was a sheet of paper on  
3 which I indicated I would pledge \$20,000.

4 Q At the time you pledged that money, what did you  
5 understand it would be used for?

6 A You guys tickle me. You irritate me too. You're  
7 trying to pinpoint something, and I don't know what it is  
8 you're trying to pinpoint, but I am trying to answer it  
9 truthfully, as best I know how to answer it.

10 I wanted it. Me, I wanted it for military action  
11 against the Sandinistas. That's what I wanted. That was my  
12 desire.

13 Now whether they came out and asked for this and  
14 asked for that or asked for something else, I don't know. I  
15 have my own ideas about things and what is right and wrong,  
16 and I try to follow this. And I certainly wanted it, in my  
17 mind, to go for military purposes.

18 Q Did anyone indicate to you --

19 A And I believe the newspapers said some crack that  
20 I made about, I was not interested in lollypops and soda  
21 pops.

22 Q I understand that. You would not have given the

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JAVbw

1 money, had you thought it was just going for humanitarian  
2 aid?

3 A Supposedly, our wise and wonderful Congress, in  
4 its wisdom, restricted all aid except humanitarian, I  
5 believe, at one point, which I think is a sad commentary. I  
6 have given money for humanitarian reasons to many things,  
7 possibly including this one, but in my own mind -- and I am  
8 trying to answer you -- and you're gettin' me irritated.  
9 You keep pressing about something -- I wanted it to go for  
10 military purposes. Me.

11 Q I understand that, Mr. Clagett.

12 A Thank you.

13 Q I don't want to get you irritated, but I do want  
14 to press a little bit, because the issue that we're very  
15 concerned about here is whether, (a,) the money went for  
16 military purposes, as I understand you wanted it to, and (b,  
17 if so, who directed it to military purposes.

18 A I will answer that very succinctly.

19 Q Thank you.

20 A I do not audit their books, nor did I demand a  
21 return statement to me to exactly the purposes that money  
22 would go for.

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4400 02 08

DAVbw

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Do I make myself clear?

2

Q Yes, but I don't think you answered quite the

3

question I was about to ask.

4

A Well, why don't you ask the question flat-out?

5

Q Did Mr. Littledale tell you or indicate to you

6

that the money would go to military purposes?

7

A I say it again, sir, that it was my desire that

8

the money would go for military purposes. I am not going to

9

start now, nor will I in the future, nor have I in the past,

10

to my knowledge, said that they told me where they wanted it

11

to go.

12

Q Is that because you don't want to say that or

13

because they didn't say that?

14

A I'm trying to tell you the truth.

15

Q I understand, sir.

16

A Okay. And I want to be very careful about this.

17

Q I understand that.

18

A Because I do not know, in my own mind, and I do

19

not care, in my own mind, whether they asked for

20

humanitarian aid or this or that or a bayonet or a gun. I

21

know I wanted it to go for military aid, and specifically, I

22

think I have mentioned before, that I would hope that it

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DAVbw 1 would be some kind of a weapon which would shoot down the  
2 damned HIND-D helicopters that our government has allowed to  
3 enter the fray down there.

4 Q I understand. I don't want to put words in your  
5 mouth, Mr. Claggett.

6 A You're not going to put words in my mouth, sir.

7 Q I don't think I could if I wanted to, but are you  
8 telling me that you don't know or don't recall --

9 A You have my answer, and that's all you're going to  
10 get, Doc. I've done the best I know how, and you're not  
11 going to twist me.

12 Now, your problem is, you're a lawyer; I'm not.  
13 But I've had to deal with lawyers that like to twist things  
14 to their own purposes. I'm not going to play lawyer. I'm  
15 going to tell what I honestly think, and I've already done  
16 it.

17 Q All right.

18 A I don't mean to get hot about this.

19 Q I don't mean to get you hot.

20 A You've got an answer which I think is a proper,  
21 truthful answer and all I know about it.

22 Now if you want me to say something else, I'm not

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1 going to do it.

2 Q Then let me ask another question, and that is,  
3 we've covered Mr. Littledale.

4 Did Mr. Channell ever indicate to you, to the best  
5 of your recollection --

6 A I covered both of them, when I answered that.

7 Q The answer is that you do not recall them  
8 indicating to you that it would go for military aid?

9 A Wait a minute. I didn't say anything about that.

10 Q That's my question.

11 A I don't know. I tried to answer this honestly and  
12 truthfully.

13 Q That's all I want?

14 A That's all I'm trying to do. Now you're trying to  
15 get me to say something that I'm not sure at all about.  
16 You're trying to get me to say that Mr. Littledale wanted it  
17 to go for X this or X that. And I'm sorry, I can't give you  
18 that answer.

19 Q Let me just tell what I'm trying to ask, and then  
20 I'll ask it.

21 My question is going to be, what did  
22 Mr. Littledale say or Mr. Channell?

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4400 02 11

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1           A     I don't remember exact words or what  
2 Mr. Littledale said or what Mr. Channell said.

3           Q     That's a fair answer, but let me finish the  
4 question, and then you can give that answer; all right?

5                     My question is, if you remember, did either  
6 Mr. Littledale or Mr. Channell indicate to you or tell you  
7 that the money would be used for military aid, if you know?

8           A     I've tried to tell you this several times. You  
9 keep coming back to it.

10          Q     If you answer that question no, you don't know?

11          A     I don't think so. I don't know.

12          Q     That's fine. We can close that.

13          A     All I do know, and I'll repeat myself again, that  
14 I wanted it to go for military purposes. Now I am not going  
15 to be able to say, if I remembered exactly, that they asked  
16 to go for weapons or something, I would have told you so.  
17 I'm not at all sure of that. Therefore, I tried to give you  
18 a decent answer, a proper answer.

19          Q     I think you just did. Now did you tell them that  
20 you wanted it to go for military aid?

21          A     Yes, I did.

22          Q     Who did you tell that to?

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4400 02 12

DABW

1 Q I told that to Channell, Littledale, to North, all  
2 three of them, at different times. I hate the idea of the  
3 Russian military supplies to the Sandinistas coming in to  
4 the isthmus and those HIND helicopters. If you know  
5 anything about a weapon, that's one of the most horrible  
6 weapons you could imagine.

7

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DAVbw

1 Q On those occasions, when you indicated to  
2 Channell, Littledale and North, that you wanted your  
3 contribution to be used for military aid, to the best of  
4 your recollection, did they ever say no, we can't use it for  
5 that?

6 Did they ever outright tell you they couldn't?

7 A Now wait a minute, you're going around the back  
8 door on the same question.

9 Q Maybe.

10 A Yes, you are. You've already gotten my answer,  
11 sir. You're not going to go around the back door on me.

12 Q Let's change it to the front door.

13 A Just stay in the front door, will you?

14 Q Did they ever say they could not, they were not  
15 allowed to use it for military aid?

16 A No. I don't think they did, nor should they have,  
17 in my opinion.

18 Q Thank you.

19 Now you had a private briefing with Colonel North  
20 at the White House.

21 A I did.

22 Q I believe you told Mr. Flynn that it was sometime

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DAVbw 1 in early '86, perhaps in January.

2 A I think so.

3 Q That took place in Colonel North's office.

4 A That is correct.

5 Q Was there anyone else there, other than you and  
6 Colonel North?

7 A When he and I sat down, no.

8 Q Did someone go to his office with ~~him~~ <sup>you</sup>?

9 A Channell. I'm not sure whether Littledale did or  
10 not, but I think Channell did.

11 Q But when you went into the office, it was just you  
12 and Colonel North?

13 A When I went into the outer office, they were  
14 there. Then Colonel North had -- he and I went in another  
15 room. We sat down, and we talked. And I happen to admire  
16 him greatly.

17 Q You discussed with Colonel North, I believe you  
18 said before, Redeye and Stinger missiles.

19 A I discussed. We had a generalized discussion  
20 about the situation and what was going on down there about  
21 the helicopter ~~to~~ <sup>attacks</sup> on the contras, and so on, you know. He  
22 was trying to bring me up-to-date about what the situation,

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4400 03 03

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JAVbw

1 militarily, was down there, and it was pretty damn sad. And  
2 I evidenced the hope that there was some way of shooting  
3 down these damn helicopters. We got on the subject of  
4 missiles. "Do you have any?" "Well, they're hard to get  
5 and they're expensive."

6 I think he told me they didn't have any at the  
7 time. And I said, "Well, I'm going to give you the money,  
8 and I hope you can get at least one. How much are they," as  
9 I recollect. And he said, "Somewhere around \$23,000, and  
10 you couldn't get them in this country. Anything like that.  
11 They'd have to be gotten somewhere outside of the country."  
12 And I said, "Well, I think the French and the British have  
13 got some." "Well, we may able to get some British-made  
14 ones" -- or something. I don't know. It was generalized  
15 discussion. And there's no way I can pinpoint any closer to  
16 that, so I suggest you don't attempt to.

17 Q You indicated you told Colonel North that you  
18 would be making a contribution.

19 A Yes, sir. And I hoped for a Stinger or a Blowpipe  
20 or something that would shoot down the damned helicopters.  
21 That's what I wanted. And I'm not ashamed of it either.

22 Q After the meeting, you then, in effect, made your

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4400 03 04

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JAVbw

1 pledge or paid the \$20,000 to NEPL?

2 A Whatever that date was.

3 Q We can put a date on it.

4 A The check's dated.

5 Q It says January 16.

6 A It speaks for itself.

7 Q That's Exhibit 3. Just to get the sequence

8 correct in mind, this check came after the White House

9 briefing and after your meeting with Colonel North, as

10 best you can recall?

11 A I think so. I believe so, yes. I think so.

12 Q There is a check which's been marked as Exhibit 5,

13 which is one dated April 16, 1986, for \$5000.

14 A Oh, yes.

15 Q Do you recall?

16 A I recall this thing.

17 Q Can you tell me about that?

18 A Because first Channell and Littledale telephoned,

19 telephoned, telephoned, telephoned, telephoned. They needed

20 more money, they needed more money, they needed more money.

21 So I said, all right, I'll give you another \$5000,

22 and that's the end of it, is what I said. I'd gotten

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4400 03 05

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DAVbw 1 irritated by then at them.

2 Q All right.

3 A I have seen congressional, House and Senate both,  
4 attempts at raising <sup>Election Campaigns</sup> money, and the minute I sent the money  
5 into them, by the very return mail, they say, oh, that's  
6 fine, send me more. And it gets tiresome. And after a  
7 while I get fed up, like I hope any ordinary human does.

8 Q I understand that.

9 A So I gave them \$5000 more, and I said that's all,  
10 Buddy.

11 Q Now I'm going to show you a check marked Exhibit  
12 4. That's a check to the American Conservative Trust, for  
13 \$1000.

14 A Yes.

15 Q It's dated October 30, 1986.

16 A Now I'm going to say something to you, my friend,  
17 the American Conservative Trust -- and you have a lot more  
18 knowledge than I do -- and the National Endowment for the  
19 Preservation of Liberty, to me, are two different things.

20 Q Right.

21 A Right? I don't know. Maybe they're the same  
22 thing in your mind.

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03 06

DAVbw

- 1 Q No. Let me just ask --
- 2 A And so I find that Channell signed that letter,
- 3 but I believe that the indication was that it was for some
- 4 other purpose than the contras and Sandinistas.
- 5 Q But as best you can recall, that was a
- 6 solicitation from Channell that resulted in a contribution
- 7 to the American Conservative Trust?
- 8 A Yes.
- 9 Q All right.
- 10 A After having been a conservative Democrat, I am
- 11 now a conservative Republican.
- 12 Q I'll show you also another check you provided to
- 13 our investigators, and that is Exhibit 2, which is a check
- 14 for the Council for Interamerican Security.
- 15 A Now, I'm not sure who signed that letter. It
- 16 might have been somebody else, I don't know. It might have
- 17 been the same thing, but I sent them \$50.
- 18 Q That was back in 1985?
- 19 A This was '85, in March.
- 20 Q You don't know, sitting here today, whether that
- 21 has any connection?
- 22 A I think that might have been the original contact

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4400 03 07

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DABW

1 right there. It could well have been, "Help Nicaraguan  
2 Freedom Fighters." That could well have been the original  
3 contact.

4 Q All right.

5 A I suspect it might have been original.

6 Q Let me ask you who, at the National Endowment for  
7 the Preservation of Liberty dealt with you. You dealt with  
8 Channell. You dealt with Littledale.

9 Did you deal with someone by the name of  
10 McLaughlin?

11 A No.

12 Q Jane McLaughlin, a woman.

13 A Not to my knowledge.

14 Q How about a Stephen McMahon?

15 A No.

16 Q Did you ever hear of an account or a project  
17 called the Toys Project?

18 A The newspaper boy asked me that question, and  
19 that's when he got his answer. And I'll give you the same  
20 answer.

21 Q Please do.

22 A No. I knew nothing about a damn Toys thing. I

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1400 03 08

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DAVbw

1 don't know of a Mr. Miller. I don't know of a  
2 Mr. Kuykendall. I don't know Mr. Robert Owen.

3 Q Are you reading from the subpoena?

4 A Yes. I am reading from here.

5 Q We can shorten this up, because I have only a few  
6 more names I want to ask you about.

7 A Okay.

8 Q Have you ever heard of *IBM* International Business  
9 Communications or IBC?

10 A IBM, I'm very familiar with.

11 Q This is IBC.

12 A IBC, I'm not at all sure.

13 Q You already mentioned Mr. Miller.

14 Have you ever met or did you ever hear of a Frank  
15 or Francis Gomez?

16 A No, not to my knowledge.

17 Q How about David Fisher, who would be associated  
18 with --

19 A Wait a minute. There is a Fisher, another  
20 conservative fund raiser by the name of Fisher somewhere in  
21 the United States, out here in Virginia somewhere, whom I've  
22 sent money to, but I don't think --

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4400 03 09

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DAVbw

1 Q Not this David Fisher?

2 A I don't think so.

3 Q All right. We've already talked about a number of  
4 government officials.

5 A Oh, we have?

6 Q We talked about --

7 A I didn't know that.

8 Q We talked about Regan, <sup>President Reagan</sup> ~~Beagan~~, Poindexter, North.

9 A Oh.

10 Q Abrams.

11 My question is, in the course of your dealings  
12 with the National Endowment for the Preservation of Liberty,  
13 did you come into contact with any other government  
14 officials, other than the ones we've discussed?15 A If I did, I don't remember, and that is an honest  
16 truthful answer.17 Q At any point in your dealings with the National  
18 Endowment for the Preservation of Liberty, were you asked to  
19 refer to Colonel North by any other name?

20 A Does he have another name?

21 Q Have you ever heard the name "Mr. Green"? No one  
22 ever told you to call him "Mr. Green"?UNCLASSIFIED  
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DAVbw

1 A No. Emphatically, no.

2 MR. MC GOUGH: Let me step outside with Mr. Flynn,  
3 Mr. Fryman and Mr. Buck for a while, and we may be able to  
4 wrap this up.

5 (Recess.)

6 EXAMINATION

7 BY MR. FRYMAN:

8 Q Mr. Clagett, in your answers to Mr. McGough's  
9 questions, you referred to a meeting at the White House, I  
10 believe, in January 1986.

11 Do you recall that?

12 A Wait a minute. You're putting a date on it now.

13 Q In early 1986.

14 A Well, I think so. I think it was early 1986.

15 Q In connection with this meeting, there was also a  
16 series of meetings with representatives of Mr. Channell's  
17 organization at approximately the same time; is that  
18 correct?

19 A You're generalizing with "representatives of his  
20 organization."

21 I don't understand who you mean.

22 Q Did you meet with Mr. Channell at approximately

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DABW

1 the time of the White House meeting?

2 A Yes.

3 Q Did you meet with Mr. Littledale at approximately  
4 this time?

5 A I believe so.

6 Q Do you recall if you met with anyone else from  
7 Mr. Channel's organization at approximately this time?8 A There might have been other assistants, helpers,  
9 or something, but nobody other than Calero, North, the two  
10 freedom fighters and some of the other guests whose names I  
11 really don't remember.12 Q And the only persons associated with Mr. Channel's  
13 organization that you recall meeting with, specifically, are  
14 Mr. Channell and Mr. Littledale; is that correct?.

15 A Yes; that's correct.

16 Now, as I say, I may have meet<sup>t</sup> others.17 Q That's right, but your specific recollection now  
18 is limited to those two?

19 A That would be it.

20 Q Now apart from the meeting at the White House,  
21 these additional meetings were held at the Hay-Adams Hotel;  
22 is that correct?**UNCLASSIFIED**

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DAVbw 1 A Yes. I think that's the proper answer to that.

2 Q Now --

3 A Pardon me. I believe I indicated earlier that we

4 went back -- I believe we went back to the Hay-Adams and had

5 dinner.

6 Q Right.

7 A Is that the additional meeting you're referring

8 to?

9 Q Yes, that's part of what I'm referring to.

10 A Well, stick to what you're referring to, because I

11 don't know about other meetings down there with them.

12 Q Well, did you have any meeting with Mr. Channel

13 before you went to the White House?

14 A Yes. I met with Channell before. He came up to

15 my Watergate West, to my library there. Yes, I've met with

16 Channell before.

17 Q I'm sorry. My question was not properly framed.

18 Mr. Clagett, I mean at approximately the same time

19 of the meeting at the White House, before you went to the

20 White House, did you have any meeting with Mr. Channell at

21 that time?

22 A What do you mean by "a meeting with Mr. Channel

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JAVbw

1 at that time"?

2 Q Did you speak with him?

3 A Certainly, I spoke with him.

4 Q Did you go directly to the White House that day?

5 A That is my recollection, and my recollection is  
6 that we met downstairs in the lobby and all ganged up there,  
7 and then took off to the White House.8 That is my recollection. I do not believe that I  
9 had a separate meeting, if that's what you're referring to,  
10 with Mr. Channell.

11

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Vbur 1 O When you say "the lobby," what lobby are you  
2 referring to?

3 A I do believe that the Hay-Adams has only one  
4 lobby.

5 O Is it the Hay-Adams that you are referring to?

6 A That is correct.

7 MR. FRYMAN: Off the record again.

8 (Discussion off the record.)

9 MR. FRYMAN: Back on the record.

10 BY MR. FRYMAN:

11 O In connection with this White House meeting in  
12 January or early 1986, you first gathered, you recall, in  
13 the lobby of the Hay-Adams Hotel, and then you went to the  
14 White House, is that correct?

15 A I believe so.

16 O And then after the briefing at the White House  
17 you returned to the Hay-Adams Hotel and you had a dinner, is  
18 that correct?

19 A I believe so.

20 O And at the dinner, the persons who attended  
21 included Mr. Channell, Mr. Littledale, Mr. North, and Mr.  
22 Calero, is that correct?

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Vbur 1 A I believe so, and I believe that two small-sized  
2 freedom fighters were brought in.

3 O Two freedom fighters and other donors, potential  
4 donors?

5 A Yes.

6 O And possibly other persons attending?

7 A Possibly other persons.

8 O Right.

9 Now, following this meeting, was that the time  
10 that you made the contribution of \$20,000, which is  
11 reflected in Exhibit 3?

12 I will show you.

13 (Handing document to witness.)

14 THE WITNESS: No. That was not the time I made  
15 this contribution, the check for \$20,000, no.

16 BY MR. FRYMAN:

17 O That contribution was made in advance of the  
18 White House meeting?

19 A Wait a minute now, whoa.

20 (Pause.)

21 O What is the date?

22 A Wait a minute, please. I am trying to get a

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vbur

1 proper answer for you, sir, and I don't appreciate being  
2 interrupted in my thought process. I don't mean that in a  
3 mean way. I am trying to think here, and this is -- my  
4 diaries and things I wish I had.

5 My recollection is that I at the time of the  
6 dinner signed a so-called pledge for \$20,000. My  
7 recollection is that I believed after meeting with Colonel  
8 North I then wrote a check.

9 I also recollect that I was asked to give the  
10 money in 1985, and my accountant suggested that because it  
11 was supposedly a tax-deductible item that I wait until 1986.  
12 In 1985, I was on -- what do you call the minimum tax  
13 payment thing -- because of retiring and having another  
14 merger, having my stock in Houston being paid for in cash.  
15 That put me into a minimum tax bracket thing.

16 So there was a delay from the time I made my  
17 commitment at the Hay-Adams and the actual date of the  
18 check.

19 I hope that answers.

20 O Mr. Clagett, did that reflection refresh your  
21 recollection that the White House meeting and the pledge at  
22 the Hay-Adams would have occurred before January 1986?

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Wbur

- 1 A It is very possible.
- 2 O So that could have been sometime in late 1985?
- 3 A That might have been back in November.
- 4 O Of 1985?
- 5 A It could well have been, yes.
- 6 O And at that meeting and the follow-up dinner at
- 7 the Hay-Adams, you signed a pledge sheet of some sort?
- 8 A Uh-huh.
- 9 O And then following that, you had a meeting with
- 10 Mr. North, is that correct?
- 11 A Well, I am not sure whether that was in '85 or
- 12 '86.
- 13 O But it was after you signed the pledge card that
- 14 you met with Mr. North?
- 15 A Yes, I believe I signed the pledge at that
- 16 dinner.
- 17 O Right. So the chronology would be, first, the
- 18 White House meeting, then signing the pledge; that would be
- 19 the first step?
- 20 A That is where I get a little confused as to
- 21 chronology. I am not one -- I haven't lost my marbles, and
- 22 I am not one that goes around remembering everything under

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Vbur 1 the sun, and I don't think you do either. And I want this  
2 on the record now. I do the best I know how.

3 So if you are going to try to pinpoint me on  
4 chronology when I have no reminder thing in front of me that  
5 I can pinpoint, it is going to be very difficult.

6 O Well, I certainly don't want to put words in your  
7 mouth, and I am well aware that it is impossible for me to  
8 do so if I did want to do so, but I just direct your  
9 attention to the exhibit that is in front of you, which is  
10 Exhibit 3, which has a date of January 16, 1986.

11 Now, that is one document that fixes a specific  
12 point in time?

13 A Yes.

14 O Am I correct in understanding that you drew that  
15 check on or about January 16, 1986?

16 A Oh, yes, sir.

17 O So the meeting at the White House and the pledge  
18 card that you signed, which you have described, would have  
19 occurred at some point before January 16, 1986?

20 A I think so. I believe so.

21 O All right.

22 And before you signed this check, you also had a

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Vbur 1 meeting with Mr. North. I believe you have testified to  
2 that.

3 A I may have testified to it. I think if I did  
4 testify to it I said, I thought.

5 O And that is your best recollection?

6 A That is my best recollection at this time.

7 O Correct. That is all we can ask for.

8 A I am trying to do the best I can to answer you  
9 truthfully, sir.

10 O Correct.

11 Now, you have testified that your objective in  
12 drawing this check was to make a contribution for military  
13 aid to the Contras, is that correct?

14 A That is correct.

15 O Specifically, you had a hope that this would be  
16 used for some sort of military aid to deal with these  
17 helicopters that were a real problem in your mind, is that  
18 correct?

19 A In my mind they are a real problem, and in my  
20 mind I hoped this would go for some kind of equipment that  
21 would shoot them down.

22 O Correct.

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Vbur 1

A Yes, sir.

2

O Now, what was the reason why you believed making

3

a contribution to the National Endowment for the

4

Preservation of Liberty would in any way meet these

5

objectives of yours?

6

A Well, when you attend a dinner and you have a man

7

by the name of Calero, Colonel North, and two freedom

8

fighters up there telling you what is going on down in

9

Nicaragua, it became, at least in my mind, very obvious that

10

they were asking for and needed -- whether they told me they

11

wanted arms or not I don't know, but it became obvious in

12

the general overall sense that the need was military

13

assistance, and that struck a proper chord with me and I was

14

very happy to do so, make money available for what I wanted

15

in the way of military, leaving some of the so-called

16

humanitarian things up to others.

17

O Right.

18

Did you discuss your objective in this

19

contribution with Mr. North?

20

A I believe I have indicated in the past and I will

21

indicate again that I indicated to Mr. North, Colonel North,

22

that it was my desire and hope that the money I was giving,

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Vbur 1 or did give, whichever timeframe it was in, would go toward  
2 some kind of equipment which would be utilized to shoot down  
3 Russian armaments in the form of a HIND-D helicopter, and it  
4 was my desire -- and this I evidenced to Colonel North and  
5 to others like Channell and Littledale, whoever might have  
6 been at hand -- I still feel that way, and I am very pleased  
7 that I do feel that way.

8 O When you made this statement to Colonel North,  
9 what did he say in response?

10 A I could not give you his exact words.

11 O I am not asking for that.

12 A I think he was pleased. I suspect that he was  
13 pleased, and that is about as far as I can say.

14 O I am just asking for your recollection, your best  
15 recollection now.

16 A My recollection, sir, I do not have a camera  
17 mind. I do not take pictures with my mind that are always  
18 there. It is like a TV show that is on, and then it goes on  
19 to the next thing. I am not a storage house for every  
20 little detail of everything.

21 O That is understood, Mr. Clagett.

22 A Thank you.

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Vbur 1 O But let me just ask this once more. In this  
2 conversation you have a fairly specific recollection of what  
3 you said?

4 A Uh-huh.

5 O And I am not asking you to give me any verbatim  
6 account of what Mr. North said in response, but since you do  
7 have a fairly clear recollection of your side of the  
8 conversation, I would ask what is your best recollection  
9 today of Mr. North's side of the conversation and what he  
10 said in response to your comments?

11 A I was not inside Mr. North's head. I can only  
12 answer that again, as you have just said, my recollection.

13 O Correct.

14 A So I cannot answer for Colonel North. However, I  
15 did get the sense that he was pleased.

16 O And what statements did he make, approximately,  
17 that gave you that sense?

18 THE WITNESS: Off the record.

19 (Discussion off the record.)

20 MR. FRYMAN: We will go back on.

21 BY MR. FRYMAN:

22 O Going back on the record, Mr. Clagett, in this

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Vbur

1 meeting with Mr. North, after you made the statements which  
2 you have just described, what is your best recollection  
3 today of Mr. North's statements or reaction?

4 MR. FRYMAN: Off the record, please.

5 (Discussion off the record.)

6 (Whereupon, the reporter read the record as  
7 requested.)

8 MR. FRYMAN: I believe there is a pending  
9 question, Mr. Clagett, that related to what statement that  
10 Mr. North made that gave you this indication that he was  
11 pleased.

12 BY MR. FRYMAN:

13 Q Would you answer that question?

14 A I do not specifically recollect any statement  
15 that he might have made. I indicated to you, I believe  
16 previously, that he struck me as being pleased. If I had  
17 been in his position, I would have been very pleased. After  
18 all, he was trying to do something for the Contras, and if  
19 somebody wants to give him money to buy something to shoot  
20 down a helicopter, if I were Colonel North I would be very  
21 pleased, and this was my sense.

22 Actual statements that he might have made, I do

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Vbur 1 not know. I hope that answers your question.

2 O In the meeting with Colonel North, did he show  
3 you any document or any sort of piece of paper?

4 A He might have. My recollection is that we  
5 discussed more or less some of the problems there of how  
6 they were moving in and really cornering some of the  
7 Contras.

8 Documents, I am not sure I understand what you  
9 are referring to. We did not go into a great deal of  
10 detail, no. It was generalized conversation basically.

11 O Let me ask a more specific question. Did he at  
12 any point show you any sort of a sheet of paper that had any  
13 list or description of weapons on it?

14 A Oh, no, sir, not to my knowledge, no.

15 O Okay.

16 Now, after your meeting with Colonel North, did  
17 you have a further meeting with Mr. Channell before you  
18 actually wrote the check for \$20,000, which is Exhibit 3?

19 A Specifically, I couldn't answer that  
20 affirmatively or a denial. I don't know.

21 O You recall that you had expressed to Mr. Channell  
22 at some point your desire that your contribution be used for

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Vbur 1 military assistance?

2 A Oh, yes, sir. I sure as hell did, and I might  
 3 also add that inasmuch as I wanted <sup>To think that</sup> ~~to~~ -- this money ~~was~~  
 4 go for military aid, I instructed my accountant to not <sup>(wanted)</sup>  
 5 attempt to use that as a deductible \$20,000 because when I  
 6 was giving somebody some money for arms that didn't <sup>seem to</sup> ~~me~~  
 7 it would be very deductible apparently.

8 I have been audited by the Internal Revenue  
 9 before, and to me that would be a beautiful red flag for  
 10 trouble. So I instructed my accountant not to attempt to  
 11 deduct that.

12 O Who is your accountant that you spoke with?

13 A I don't think it is of any necessity for me to  
 14 name him to you, sir. They are my accountants. They are  
 15 not involved in this whatsoever, and I resent that question.

16 O I feel I have to ask the question.

17 A I will refuse to answer you, sir.

18 O All right.

19 A Why do you want their names?

20 I want this on the record.

21 O Mr. Clagett, generally, the rules at depositions  
 22 are that lawyers ask the questions and the witness answers

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the question.

A Sir, I am an American citizen, and I believe I have some rights, too. So don't cut me off that way. That is not playing fair ball.

O I will move on then.

A I would like to have you kindly answer my question.

O I am not pressing the question at this time. If in the event we decide we want to press the question, then our position will be made known, and we may have to have a court proceeding over this. I don't think we will.

But at the moment I have raised the question, you have declined to answer it, and I am moving on to something else.

THE WITNESS: Can we go off the record?

(Discussion off the record.)

BY MR. FRYMAN:

O Now, Mr. Clagett, you have testified that you indicated to Mr. Channell that you wanted your \$20,000 contribution to be used for military assistance to the Contras?

A Yes.

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Vbur 1 O Did you indicate that to Mr. Channell on more  
2 than one occasion?  
3 A I may have.  
4 O Do you have any specific recollection?  
5 A I have no specific recollection, but I certainly  
6 may have.  
7 O But you have a specific recollection of at least  
8 once?  
9 A If I had a specific recollection, I would try to  
10 tell you.  
11 O You recall telling this to Mr. Channell?  
12 A I do, indeed.  
13 O All right.  
14 A May I add that I still feel the same way, and I  
15 don't mind telling him again if the occasion were tomorrow.  
16 O What did he say in response when you told him  
17 that?  
18 A Oh, I don't know.  
19 O What was his reaction?  
20 A You are trying to be very specific again, and I  
21 do not know, and I don't remember his reaction.  
22 O Did you tell this to Mr. Littledale?

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1 A I certainly might have told it to him, too, and I  
2 don't remember his reaction.

3 O All right.

4 A I am sorry. As I say, I am not a court reporter,  
5 and I don't remember everything. I haven't written it all  
6 down.

7 MR. FRYMAN: Mr. Clagett, that completes my  
8 questions. Thank you very much for bearing with me.

9 THE WITNESS: Thank you for bearing with me, too.

10 MR. FRYMAN: I think Mr. Buck may have a couple  
11 of questions.

12 EXAMINATION

13 BY MR. BUCK:

14 O Mr. Clagett, my name is Ken Buck. I am the  
15 Assistant Minority Counsel with the House Select Committee.

16 First, let me thank you for coming here today.  
17 Just two or three quick, short questions. Hopefully, it  
18 won't require much explanation or aggravation.

19 Did Colonel North ever ask you for money?

20 A Colonel North?

21 O Colonel North.

22 A My recollection is he did not. My recollection

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1^Vbur

1 is that Channell and Littledale were the people who asked me  
2 directly for money.

3 Now, it may have been at the dinner that Colonel  
4 North might have indicated to the assembled group that the  
5 Contras needed support, but specifically, I don't remember  
6 him ever asking me for money.

7 O Okay. The last hour and a half I am starting to  
8 get some sort of picture of what went on here. It seems  
9 that Colonel North and some of his aides gave an overview of  
10 what the situation was in Nicaragua in terms of military  
11 conditions and Mr. Channell and his group were the  
12 fundraisers.

13 A I think that would be a proper overview, in my  
14 opinion.

15 O Just one more question, Mr. Clagett. You  
16 mentioned to Mr. Channell and perhaps to Mr. North that you  
17 wanted your money to go for military purposes.

18 My question is did they ever assure you that that  
19 money would go for military purposes?

20 A I thought I tried to answer that earlier.

21 O I am sorry if it is repetitive.

22 A I don't know whether I successfully answered it

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Vbur 1 to you gentlemen's satisfaction. My sense is -- and that is  
2 all I can give you -- that they were reasonably pleased  
3 about that.

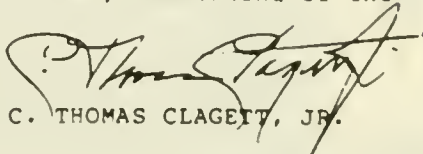
4 O Okay.

5 A That would be my sense, and that is about the  
6 best I can do.

7 MR. BUCK: I have no more questions. Thank you,  
8 Mr. Clagett.

9 MR. MC GOUGH: Nothing further.

10 (Whereupon, at 10:30 a.m., the taking of the  
11 deposition ceased.)



12 C. THOMAS CLAGETT, JR.

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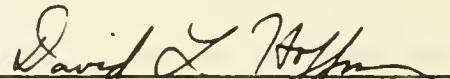
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57

I, David L. Hoffman, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

  
Notary Public in and for the  
District of Columbia

My Commission Expires 6/30/90

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TRANSCRIPT OF PROCEEDINGS

SELECT COMMITTEE TO INVESTIGATE

ARAB TRANSACTIONS

UNITED STATES HOUSE OF REPRESENTATIVES

AND

SELECT COMMITTEE ON ENERGY

TO IRAN AND THE MIDDLE EAST

UNITED STATES SENATE

CRITICAL

Pages

Initially Declassified/Released: on 23 DEC 87

under provisions of E.O. 12958

by [redacted], National Security Council

K. JOHNSON

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SELECT COMMITTEE TO INVESTIGATE COVERT  
 ARMS TRANSACTIONS WITH IRAN  
 U.S. HOUSE OF REPRESENTATIVES

AND

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE  
 TO IRAN AND THE NICARAGUAN OPPOSITION  
 UNITED STATES SENATE

- - -

Monday, July 6, 1987,

Washington, D.C.

Deposition of ALFRED C. CLARK and GREGORY L. ZINK,  
 taken on behalf of the Select Committees above cited, pursuant  
 to notice, commencing at 4:55 p.m. in Room 901 of the Hart  
 Senate Office Building, before Terry Barham, a notary public  
 in and for the District of Columbia, when were present:

For the Senate Select Committee:

CHARLES KERR, Esq.  
 Associate Counsel

JOHN MONSKY, Esq.  
 Assistant Counsel

LOUIS ZANARDI  
 Accountant

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For the deponents:

CRAIG B. BRIGHT, Esq.  
Patterson, Belknap, Webb & Tyler  
30 Rockefeller Plaza  
New York, New York 10112

C O N T E N T S

<u>Examination by counsel for</u>	<u>Page</u>
Senate Select Committee (Messrs. Kerr and Monsky)	3

EXHIBITS

<u>Clark/Zink Exhibits</u>	<u>Markedd</u>
1	30
2	62
3 and 4	72

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3

PROCEEDINGS

Whereupon,

ALFRED C. CLARK and GREGORY L. ZINK

were called as witnesses and, after having been first duly sworn, were examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE SENATE

SELECT COMMITTEE

MR. KERR: Mr. Zink, would you state your full name for the record, please?

MR. ZINK: Gregory L. Zink.

MR. KERR: And by whom are you employed, Mr. Zink?

MR. ZINK: Forway Industries.

MR. KERR: And what is the address of Forway Industries?

MR. ZINK: 122 Greene Avenue, Woodbury, New Jersey 08096.

MR. KERR: What position do you hold with Forway?

MR. ZINK: Vice president and chief financial officer.

MR. KERR: And you've been employed by Forway since when?

MR. ZINK: April 1, 1986.

MR. KERR: Mr. Clark, would you state your full name, please?

MR. CLARK: Alfred C. Clark.

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MR. KERR: Where do you live, Mr. Clark

MR. CLARK: [REDACTED]

MR. KERR: And by whom are you employed

MR. CLARK: Clark Management Company.

MR. KERR: Their address is where, sir

MR. CLARK: It's the same address as my home.

MR. KERR: Could you give me a brief description of the business of Clark Management

MR. CLARK: It is involved in providing investment management services, which includes open market investments and venture capital.

MR. KERR: Now, you have a relationship with Forway, sir?

MR. CLARK: Yes, sir.

MR. KERR: And what is that relationship

MR. CLARK: I am a stockholder and a director.

MR. BRIGHT: Clark Management is the stockholder. A

MR. KERR: All right. But you are a director; is that correct?

MR. CLARK: Yes.

MR. KERR: Now, with regard to the stockholders of Forway at the present time, who to your knowledge are the stockholders? You have identified Clark Management as one. Who are the others?

MR. CLARK: CSF.

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MR. KERR: That is a Swiss corporation

MR. CLARK: I believe so.

MR. KERR: Any other stockholders?

MR. CLARK: Not to my knowledge.

MR. KERR: And who are the other directors of Forway?

MR. CLARK: Mr. Zucker.

MR. KERR: So there are two directors, yourself and Mr. Zucker?

MR. CLARK: Yes.

MR. KERR: With regard to the officers of Forway, can you identify the officers for me, please?

MR. CLARK: The president and chief executive officer is Ronald L. Wade. The vice president of finance and chief financial officer is Gregory Zink.

MR. KERR: Are there any other officers of the corporation?

MR. CLARK: Yes.

MR. KERR: And who might they be?

MR. CLARK: Harry Jackson is a vice president. I think those are the officers that I'm familiar with.

MR. KERR: Mr. Jackson's function is what?

MR. CLARK: I'm not quite sure what his responsibilities are at the present time, and I would ask you to ask Mr. Zink that question, if you would.

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MR. KERR: All right. Mr. Zink, can you help us out?

MR. ZINK: Yes. He's vice president and secretary, and he is effectively chief engineer.

MR. KERR: Mr. Zink, while I'm with you, can you give me an overview of the nature of the business of Forway at the present time?

MR. ZINK: Yes. Forway Industries is a manufacturer and distributor of military spare parts, ranging from mechanical, electrical, optical, a wide range of specialty made-to-order parts.

MR. KERR: Does it have any other business locations other than the Woodbury location?

MR. ZINK: There are two subsidiaries. One is an inactive domestic-international sales corporation, and that's called Forway International. The other subsidiary is an entity, Forway Properties, Florida.

MR. KERR: What is the nature of its business?

MR. ZINK: It is a real estate holding company.

MR. KERR: And it is wholly owned by the Forway parent firm?

MR. ZINK: Yes.

MR. KERR: Who are the officers of Forway Properties?

MR. ZINK: To the best of my knowledge for the

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officers of Forway Properties, currently only Willard Zucker  
The three other officers of that corporation have all  
resigned in the last year.

MR. KERR: And who would they have been?

MR. ZINK: Jacob Farber, and two individuals from a  
law firm in Florida who were, to the best of my knowledge,  
effectively officers on paper.

MR. KERR: Now, you say it's a real estate holding  
company. Describe a little more fully for me the nature of  
its business or, alternatively, what real estate it holds.

MR. ZINK: Yes. Today it holds one office building,  
and I believe that's in Jacksonville or Clearwater -- Jackson-  
ville or Tallahassee. Previously, it held another building  
and two oil and gas wells in Oklahoma, all of which have been  
sold.

MR. KERR: And when were they disposed of?

MR. ZINK: The oil and gas wells, I believe in the  
'83, '84 time frame, and the other office building within the  
last two years.

MR. KERR: It was disposed of before you began your  
employ?

MR. ZINK: Yes.

MR. KERR: The office building in Jacksonville or  
Tallahassee, who is its primary tenant, if you know?

MR. ZINK: Although Forway Industries is the

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parent, the management of that building is not something that we at Forway Industries in Woodbury have close tabs on. I do not know the name of the tenant.

MR. KERR: In terms of who actually is responsible for the day-to-day business of the holding company, Forway Properties, who is responsible for that? Mr. Zucker?

MR. ZINK: A fellow by the name of Jerry McAllister, to my knowledge, is the property manager.

MR. KERR: And where is he located?

MR. ZINK: I believe he is in the same location.

MR. KERR: Jacksonville or Tallahassee?

MR. ZINK: Yes, correct.

MR. KERR: With regard to being able to reach Mr. McAllister, does Forway, the parent firm, have a record of where he can be reached?

MR. ZINK: I'm not sure.

MR. KERR: So if you all need to get a hold of him, you're not sure how you'd do it?

MR. ZINK: We go through -- have gone through Ben Cornelius in the past.

MR. KERR: And you better identify Mr. Cornelius for me.

MR. ZINK: Ben Cornelius was the accountant for Forway Properties prior to Ron Wade's employment at Forway Industries, and the reason that Mr. Cornelius stepped down is

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that there was a conflict of interest in that Mr. Wade and Mr. Cornelius are brothers-in-law.

MR. KERR: Mr. Cornelius does not have a relationship with Forway Properties at present, to your knowledge?

MR. ZINK: Not officially, no. He's more of a help when we need something than in an official capacity.

MR. KERR: Now, the CEO of Forway you indicated was Mr. Wade. Mr. Wade became president of the corporation when?

MR. ZINK: On April 1, 1986. He became full-time in the June-July '86 time frame.

MR. KERR: Now, just trace the interest in the corporation a bit further. Up until on or about October 3, 1986, there was another stockholder of Forway, Mr. Zink?

MR. ZINK: Yes.

MR. KERR: And who was that?

MR. ZINK: Jacob Farber.

MR. KERR: And during the period that you've been an employee of Forway, from April of '86 through October 3rd of '86, what percentage of Forway, to your knowledge, did Mr. Farber own?

MR. ZINK: Fifty percent.

MR. KERR: And the remaining 50 percent up until October 3, 1986, was held by whom?

MR. ZINK: Twenty-five percent by CSF and 25 percent by Clark Management.

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MR. KERR: And as of October 3, 1986, an event occurred that changed the stock ownership. What was that event?

MR. ZINK: The buyout of Jacob Farber's equity interest.

MR. KERR: As a result of that buyout, how did the equity interest in the corporation change?

MR. ZINK: The end result of that was that one-third of the stock was held by Clark Management and two-thirds by CSF.

MR. KERR: All right. Now, just one other bit of background. CSF you say you believe is a Swiss corporation?

MR. ZINK: Correct.

MR. KERR: All right. Its representative in terms of Forway is whom?

MR. ZINK: Willard Zucker.

MR. KERR: And this is the same Willard Zucker who is president of the Properties subsidiary; is that correct?

MR. ZINK: Correct.

MR. MONSKY: And a director at the company?

MR. ZINK: Correct.

MR. KERR: We'll come back and pick up that chronologically.

Let me take you all back and start with Mr. Clark.

Mr. Clark, in terms of your relationship with Mr. Zucker,

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could you describe to me how it was that you came to know Mr. Zucker?

MR. CLARK: I met Mr. Zucker I believe approximately ten years ago in the late '70s through, I believe, a broker at Sloate, Wiseman, Murray called Nathan Abrams.

MR. KERR: You met Mr. Zucker through Abrams. Did you have occasion to subsequently do business with Mr. Zucker?

MR. CLARK: Yes.

MR. KERR: Can you describe what the nature of your business was?

MR. CLARK: I managed money for CSF.

MR. KERR: And when you say you managed money, can you elaborate on that a little bit for me, and tell me the nature of the money that you managed and the nature of the management that you did?

MR. CLARK: I managed funds that ranged between five and a high of approximately 15 million dollars on a discretionary basis.

MR. KERR: Now, with regard to these funds that you were managing, let me just focus on that for a moment. Your understanding of CSF's business is what? What is the nature of its business?

MR. CLARK: My understanding is that they are, what I believe in Switzerland is called, a fiduciare or fiduciary company, and they provide to their clients investment

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services, legal services, accounting services, and management services.

MR. KERR: The funds that you were managing for CSF, then, would be funds for which you were responsible to CSF, but as to which it has obtained some fiduciary responsibility? Is that correct?

MR. CLARK: My understanding is that they represented investment funds that were entrusted to them that they farmed out to me for management primarily in the U.S. securities markets.

MR. KERR: During the time that you were managing these funds, did you come to know whose funds ultimately these funds were?

MR. CLARK: No.

MR. KERR: Did you have occasion to talk to Mr. Zucker in general terms about whose funds it was that he was placing with you?

MR. CLARK: No.

MR. KERR: All right. Now, with regard to business activities with Mr. Zucker, you have indicated that you had funds management responsibilities with him. Were there other business enterprises which you found yourself engaged in with Mr. Zucker?

MR. CLARK: The only other business with which I was engaged with Mr. Zucker was Forway Industries. He

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brought a limited number of investment opportunities to my attention, which, to the best of my recollection, were in the real estate area.

MR. KERR: Now, you used the term "real estate area." Could you be a little bit more specific? What kinds of opportunities did he ask you to take a look at?

MR. CLARK: I believe one of them was an apartment complex or apartment building in Florida. The others -- and there may have been only one other -- were something along those same lines, but I do not remember the specifics.

MR. KERR: Now, with regard to Forway, you became involved with Mr. Zucker and Forway how? Describe the circumstances for me.

MR. CLARK: Mr. Zucker approached me and described the business of Forway and said that -- rather, described Mr. Farber and said that Mr. Farber's 50 percent partner of Mr. Blau might retire.

MR. KERR: And that would be William Blau?

MR. CLARK: Yes. And if he did that, he might wish to sell his interest. He approached me for the purpose of going 50-50 with him in buying Blau's interest.

MR. KERR: Can you place this in time for me? When did you have this discussion with Mr. Zucker?

MR. CLARK: I believe it was late in 1982 based upon the fact that the investment was made on January 11th of

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1983.

MR. KERR: And as of that time, January 11, 1983, you, through Clark Management, acquired a 25 percent interest, and Mr. Zucker, more properly CSF, acquired a 25 percent interest. Is that right?

MR. CLARK: Correct. Clark Management acquired a 25 percent interest, and CSF acquired a 25 percent interest.

MR. KERR: With regard to the cost to you of that 25 percent, can you tell me what price you paid for that 25 percent interest?

MR. CLARK: Yes. It was \$925,000.

MR. KERR: Did CSF put up a similar sum?

MR. CLARK: Yes.

MR. KERR: Management of that corporation prior to that acquisition was headed by Mr. Farber; is that right? He was president at the time of the acquisition?

MR. CLARK: I believe so, yes.

MR. KERR: And he continued in that role?

MR. CLARK: Yes.

MR. KERR: All right. And the business of the company at that time was what it is today -- military spare parts?

MR. CLARK: Yes.

MR. MONSKY: At the time you purchased your interest, did you loan any money to the company?

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MR. CLARK: No.

MR. KERR: Let me take you to late 1985, early 1986. Did there come a time in that period when Forway began to make use of Touche Ross at its accounting firm?

MR. CLARK: Is that question directed to me?

MR. KERR: Yes, sir.

MR. CLARK: If you can recall. If not, I'll direct it to Mr. Zink.

MR. ZINK: Yes. Forway began to use Touche Ross as their accountants I believe in mid-1983 for the year ended, I think, June of '83, which coincided with the time that Mr. Zucker and Mr. Clark acquired their interest.

MR. KERR: And that relationship continued through early 1986?

MR. ZINK: Through today.

MR. KERR: They continued to be the accountants?

MR. ZINK: Correct.

MR. KERR: Turning to January of 1986, to your knowledge, Mr. Zink, was Touche Ross engaged in something other than simply for the year-end financial statements?

MR. ZINK: Yes.

MR. KERR: And what was that?

MR. ZINK: In late January of '86, Touche Ross was retained to do what we would call a special review of Forway Industries.

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MR. KERR: Now, the partner in charge of that project was John Flynn?

MR. ZINK: Yes, sir.

MR. KERR: You were an employee of Touche Ross at that time?

MR. ZINK: Yes.

MR. KERR: And what position did you hold at Touche Ross.

MR. ZINK: Senior management consultant.

MR. KERR: Now, to your knowledge, were there meetings that took place in January of 1986 between Touche Ross personnel and Mr. Zucker?

MR. ZINK: Yes.

MR. KERR: Can you tell me how many such meetings and what you know about them?

MR. ZINK: I was not part of the meeting in late January where the Forway problems were presented to Touche Ross -- Touche Ross representation at that meeting, to the best of my knowledge, being Messrs. Flynn and McConnell.

MR. MONSKY: What was the first name of Mr. McConnell?

MR. ZINK: John McConnell.

MR. MONSKY: I take it they told you about this meeting.

MR. ZINK: Yes. I received a phone call over the

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weekend regarding a project and where to be on Monday morning.

MR. MONSKY: And where was that?

MR. ZINK: That was Forway Industries, and our charge being to conduct an operations review and report back to Mr. Zucker and Clark -- I think it was about a week time frame -- what our overall review of the company revealed.

MR. KERR: Now, Mr. Clark, did you participate in any meetings in late January with Touche Ross personnel?

MR. CLARK: I don't believe so, but I'm not sure.

MR. KERR: All right. With regard to Mr. Zucker's activities at the time of these meetings, other people he was seeing, other businesses he was engaged in, can either of you shed any light of Mr. Zucker's activities in late January when he had the meeting with the Touche Ross personnel?

MR. ZINK: I can't, no.

MR. CLARK: I cannot either.

MR. KERR: With regard to events in February, you indicated that some time during the first week or so of February you would have met with Mr. Zucker; is that right, Mr. Zink?

MR. ZINK: That's correct.

MR. KERR: That meeting would have taken place where?

MR. ZINK: At the Touche Ross offices in Philadelphia.

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MR. KERR: Mr. Clark, did you participate in that meeting?

MR. CLARK: I believe so.

MR. KERR: Now, to the best of your joint recollections, was that a meeting that took one day? Was there a series of days of meetings or what? Do you recall Mr. Zink?

MR. ZINK: A few hours in the morning.

MR. KERR: At that time you gave what? Your preliminary evaluation?

MR. ZINK: Preliminary review of life at Forway, the status of the company.

MR. KERR: Again, in terms of what Mr. Zucker's other activities may have been on the 7th of February of 1986, do either of you have any recollection or knowledge of other activities he would have engaged in?

MR. CLARK: I do not.

MR. KERR: Mr. Zink?

MR. ZINK: No, I don't.

MR. KERR: No knowledge of other people he might have met at that time?

MR. ZINK: No.

MR. MONSKY: By this time in February, had you prepared a business plan for Forway?

MR. ZINK: The result of the February 3rd -- that ballpark date -- meeting, the next step for Touche Ross was

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to prepare a business plan based on their findings to be presented to First Pennsylvania Bank, and then hopefully to be implemented in the coming months. So, yes, a business plan was prepared, and I believe it was dated February 7th. The night before that, it was presented to Mr. Zucker in the evening.

MR. KERR: As of that time, February 7th, when you all were putting the business plan together for presentation to the bank, had either of you had any discussions with Mr. Zucker about him looking to funds under his control that were equitably owned by either Albert Hakim or General Secord?

MR. ZINK: No.

MR. CLARK: No.

MR. MONSKY: At this point, Mr. Flynn was still running the project? Was he one of the people?

MR. ZINK: The consulting project, yes.

MR. MONSKY: Had Mr. Zucker at this time used an office at Touche Ross, or can you recollect?

MR. ZINK: Other than for our meetings, I saw him use or heard of no other use of -- his using Touche's facilities.

MR. MONSKY: And those meetings were where?

MR. ZINK: On the 25th floor where Touche Ross is located.

MR. MONSKY: In a conference room?

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MR. ZINK: Yes.

MR. MONSKY: Okay.

MR. KERR: Now, we have a record that Mr. Zucker visited the Republic National Bank on February 7, 1986. Do you all have any knowledge of what business he was transacting there that day?

MR. ZINK: No, I don't.

MR. CLARK: No, I do not.

MR. KERR: Let me move you to early March 1986. Were there meetings during the first week of March 1986 that either of you attended?

MR. ZINK: Yes.

MR. KERR: Mr. Zink, could you outline that?

MR. ZINK: There was a meeting, I believe, March 6th in the morning, once again at the Touche Ross offices.

MR. KERR: Can you describe who was there and what happened?

MR. ZINK: The attendees were myself, Messrs. Flynn and McConnell and Zucker and Clark. The purpose of the meeting was to update Messrs. Zucker and Clark on our progress relative to implementing the business plan and an operational update.

One of the recommendations in the business plan was to bring in new management to Forway, specifically a new president, and create a [redacted] due to the lack of

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financial expertise at Forway.

MR. KERR: Do you have any recollection of when on that morning this meeting ended?

MR. ZINK: I would say it was another couple hours in the morning.

MR. KERR: Would it have ended before two o'clock?

MR. ZINK: I do not know.

MR. KERR: In terms of the folks that attended the meeting and where they went after it was over, let's start with you. Do you recall what you did after this meeting broke up?

MR. ZINK: Yes. I went to Florida.

MR. KERR: What knowledge do you have of the immediate destinations of the other members of the group that were at that meeting?

MR. ZINK: I don't know where any of them went. I do know that at some point in these January-February-March meetings Mr. McConnell, Mr. Flynn and, at a minimum, Mr. Zucker went to lunch. But I don't know whether this was the day they went to lunch or it was after possibly the February meeting.

As I said, I left and so I really don't know.

MR. KERR: Mr. Clark, in terms of your activities, do you recall where it was that you went to after this meeting was over?

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MR. CLARK: I do not recall. I do recall, now that Mr. Zink has mentioned it, that we did have one lunch with Mr. Flynn. I do not recall -- I think it was at the Racquet Club in Philadelphia, and I do not recall when that took place. But I remember one lunch. I do not remember where I went after that meeting; however, I would assume I went back to New York because when meetings were finished, that's where I think I always went.

MR. MONSKY: Was Mr. Zucker present at that meeting, the lunch, that you recall at the Racquet Club?

MR. CLARK: Yes.

MR. KERR: Let me see what recollection, if any, you have of one other possible event. Do either of you recall on the 6th of March Mr. Zucker indicated that he was going to be meeting with a woman from Washington, D.C., or meeting with any other client that day?

MR. ZINK: No, I don't.

MR. CLARK: I do not either.

MR. KERR: And do you recall at the lunch at the Racquet Club whether or not you all were introduced to someone who was not part of your group, preferably a woman from Washington, D.C.?

MR. ZINK: I wasn't at the lunch.

MR. CLARK: I have a vague recollection that one or two officials of the government were there. The

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lunch was hosted by John Flynn.

MR. MONSKY: On March 6th, do you have any recollection of Zucker stepping out of the meeting and using an office near John Flynn's office?

MR. ZINK: No, I don't.

MR. KERR: Now, do you recall any other meetings that took place with Mr. Zucker in early March 1986?

MR. ZINK: Yes. There was an additional meeting on March 9th, if that's the Sunday following the meeting I just mentioned.

MR. KERR: And what happened at that meeting?

MR. ZINK: Ron Wade had come into town from Milwaukee to talk to Mr. Zucker and Mr. Clark, Mr. Wade eventually becoming president of Forway. The principal objective of that meeting was to interview an individual for the financial position, and that interview did take place on that Sunday morning.

MR. KERR: Did there come a time that day when there was a conversation with you, Mr. Zink, about the potential for you to become an employee of Forway?

MR. ZINK: Yes. After the main objective of the meeting had been concluded, I remember riding in an elevator with Mr. Zucker where he introduced the idea of me becoming the VP-Finance at Forway.

MR. KERR: With regard to that meeting, Mr. Zucker

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was present at that meeting on March 9 or thereabouts?

MR. ZINK: Yes, he was.

MR. KERR: Mr. Clark, you were present?

MR. CLARK: Yes.

MR. KERR: Do either of you have any recall of other people Mr. Zucker intended to meet with or the business that he was doing that day, March 9?

MR. CLARK: I do not.

MR. ZINK: I don't either.

MR. MONSKY: At this time was Mr. Zucker interviewing people?

MR. ZINK: Mr. Zucker was part of the interviewing group that was interviewing the potential CFO candidate.

MR. MONSKY: When the interviews were conducted, were they done from an office or a conference room?

MR. ZINK: The initial meeting started in the conference room near John Flynn and Ken Hagstrom's office. There was a discussion -- somehow that meeting split up, and we ended up, some of us ended up in the main conference room at Touche Ross near the lobby. But I don't recall. I have a faint recollection of Farber coming in, and maybe Zucker and Farber having a discussion in that conference room. But I don't have a clear picture of why we split up.

MR. CLARK: May I also say that there was one person interviewed; it was not a series of people.

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MR. KERR: And that was Mr. Wade?

MR. ZINK: No, no. Mr. Casey was the fellow interviewed. Mr. Wade was one of the attendees along with Flynn and McConnell.

MR. KERR: Thank you.

MR. MONSKY: This is all on March 9th?

MR. ZINK: Correct.

MR. MONSKY: Let me ask you one other question about offices. I take it it would not be unusual that if Zucker asked to use an empty office that there would be one available in the Touche Ross floor? The 24th floor was the only floor of Touche Ross, correct?

MR. ZINK: No. There are other offices on the 25th.

MR. MONSKY: The 25th and the 24th.

MR. ZINK: Yes.

MR. MONSKY: But if Mr. Zucker wanted to use an empty office, would he be able to do so?

MR. ZINK: Conceptually, yes.

MR. KERR: Do you have any knowledge of whether or not he made use of a Touche Ross office that day?

MR. ZINK: No, I don't.

MR. KERR: With regard to events that we have knowledge of on March 11, 1986, Mr. Zucker apparently visited Republic National Bank in New York again. Do you all have any knowledge of why he was visiting the bank that day?

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MR. ZINK: No, I don't.

MR. CLARK: I do not either.

MR. KERR: Mr. Zink, you became employed at Forway shortly thereafter, April 1; is that right?

MR. ZINK: That's correct.

MR. KERR: All right. Now, from that point, April 1 looking forward, can you give me some notion of the extent to which you were in contact with Mr. Zucker? Is he somebody you talked to every day, every week, once in a blue moon? How often?

MR. ZINK: That was a period of great turmoil at Forway, and there was a lot of internal upheaval relating to Wade and Zink versus Farber relative to the operation of the company. It was my understanding that Farber was calling Zucker saying that Wade and Zink are doing crazy things, and then I would either get a call from Mr. Zucker or I would, in anticipation of what I thought was going on, call Mr. Zucker to keep the record straight.

So our conversations between April and June, I don't recollect the frequency of them, but the subject matter was purely -- heavily related to the problems at Forway.

MR. KERR: When in the course of your employment did Messrs. Hakim and Secord first come to your attention?

MR. ZINK: Mr. Hakim's name first came to my attention in late August of 1986.

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MR. KERR: And to help me decipher the context, what was the context of his name coming up?

MR. ZINK: There was a potential product that Mr. Hakim was going to introduce to Forway to potentially mass produce a weapon that has become known as the Laser Gunsight Project.

MR. KERR: And Mr. Hakim's name was introduced to you by Mr. Zucker?

MR. ZINK: Yes.

MR. KERR: What did Mr. Zucker tell you about Mr. Hakim at that time?

MR. ZINK: Would you say that again, sir?

MR. KERR: Yes. What did Zucker tell you about Hakim when he raised Mr. Hakim's name to you?

MR. ZINK: I believe he introduced him as a business acquaintance and friend.

MR. KERR: Did he describe to you at that time the nature of his business relationships with Mr. Hakim?

MR. ZINK: Not in any detail, no.

MR. KERR: Did he tell you in general terms what the relationship was?

MR. ZINK: Only to the extent that I was being asked to transfer funds to Stanford Technology, which was my understanding, given the type of product that Mr. Hakim was going to introduce, that he was in the arms type business.

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But Mr. Zucker told me nothing about Mr. Hakim.

MR. MONSKY: Did he tell you who Mr. Hakim's business associates were?

MR. ZINK: No.

MR. KERR: Now, the incident that you're referring to would be the \$50,000 transfer that takes place on or about August 25, 1986?

MR. ZINK: That's correct.

MR. KERR: And it was only in that context that you first learned of Hakim; is that right?

MR. ZINK: Yes.

MR. KERR: Was General Secord's name mentioned to you in that context?

MR. ZINK: No, it was not.

MR. KERR: With regard to the Stanford entity, do you recall which Stanford entity it was?

MR. ZINK: It was Stanford Technology.

MR. KERR: STTGI?

MR. ZINK: No. It was the California company.

MR. KERR: STTGI is not the right one. It was Stanford Technology that you were dealing with?

MR. ZINK: That's correct. That's the corporation on whose behalf the account was that I wired the money.

MR. KERR: I'll come back to that in context in a moment. Let me get one other gentleman up before us.

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General Secord -- when did his name first come to your attention?

MR. CLARK: Are you referring to me?

MR. KERR: Let me deal with Mr. Zink first.

MR. ZINK: General Secord's name first came up around the time that it appeared that Farber was going to be bought out.

MR. KERR: And you placed that when?

MR. ZINK: Late September '86.

MR. KERR: Now, Mr. Clark, you heard of General Secord an earlier time. Isn't that right?

MR. CLARK: That is correct.

MR. KERR: Can you describe for me the circumstances under which you heard of General Secord?

MR. CLARK: I do not recall the exact circumstances under which Secord's name first came up or exactly at what date it came up. However, in reviewing my files, I found a memorandum from Zucker to Farber with a copy to me, which you have a copy of. And that memo prompted my memory to the point that apparently Zucker and I picked up Secord at an airport around -- on June 18, 1984. That airport, I believe, was the Philadelphia Airport, and we brought him to Forway for what I recall to be the purpose of acquainting himself with the Forway operation.

MR. KERR: You provided us with a copy of a letter

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dated June 18, 1984, from yourself to Mr. Farber, which has attached to it a two-page memorandum. Correct?

MR. CLARK: Yes. I attached that this morning.

MR. KERR: All right. You would place the memorandum roughly in time with the June 18, 1984, letter; is that right?

MR. CLARK: Correct.

MR. KERR: Let me have this marked as Exhibit 1 to the deposition.

[The document referred to was marked for identification as Clark/Zink Exhibit No. 1]

MR. KERR: Using Exhibit 1 as a way of trying to focus your recollection, the first paragraph of the memorandum suggests that you may have met Mr. Hakim some time in this period of time, June 1984. Do you recall meeting Hakim at that time?

MR. CLARK: No, I did not meet Hakim at that time.

MR. KERR: Okay. So the reference to the "you have met Albert" in the memorandum is Farber --

MR. CLARK: Excuse me. This memo is to Farber.

MR. KERR: That's what I'm asking you.

MR. CLARK: Yes.

MR. KERR: You did not have occasion to meet Hakim yourself?

MR. CLARK: Correct.

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MR. KERR: Do you recall having any discussions with Dr. Farber about his impressions of Mr. Hakim?

MR. CLARK: No.

MR. KERR: Can you give us any further recollection of what it was that Farber and Hakim and Zucker were getting together on in June of 1984?

MR. CLARK: I'm not sure they were getting together on anything. My recollection is that Secord was coming down to look at the Forway operation to see it and to find out whether he and Forway could work out a mutually advantageous business relationship. I was not a party to those conversations.

MR. KERR: Why was this memo sent to you, if you know?

MR. CLARK: I do not know.

MR. MONSKY: In general terms, was your understanding that Secord was contemplating making an investment in Forway?

MR. CLARK: No. No thought of outside investors had ever arisen at this time in 1984.

MR. KERR: With regard to what's related here, advice by General Secord that a decision had been made about the U.S. government to initiate a program for the manufacture of spare parts for certain foreign military equipment, and a suggestion that there was a resistance activity in an unnamed

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country that might consume such equipment, do you have any further or better recollection of what it was that the General had in mind when he gave this advice to Dr. Farber?

MR. CLARK: I have no knowledge of anything in this memo except for the fact that I was in the car that picked up Secord and delivered him to Forway.

MR. KERR: Okay. Let me be very precise so that we understand each other. Did you have any knowledge in 1984 -- be it May, June, July, any time in 1984 -- of General Secord's activities with regard to supplying munitions, lethal equipment and the like to resistance forces in Nicaragua?

MR. CLARK: No, I did not.

MR. KERR: Do you know of any relationship today between General Secord's approach to Forway in 1984 and supply by him or entities controlled by him to resistance fighters in Nicaragua?

MR. CLARK: I do not.

MR. ZINK: Mr. Zink, do you have any knowledge of these matters?

(Witness indicates.)

THE REPORTER: "No" was your answer, sir?

MR. ZINK: Correct.

MR. KERR: There's also a curious last paragraph. Let me just ask you about it. He says that, "A last point to

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be resolved is to design a method of compensation for Secord and his present employer which would be consistent with existing laws and regulations applicable in the United States with respect to the procurement of this type of equipment." And then he invites himself into any such deliberations by saying, "I would very much be interested to be a party to the deliberations for I have years of experience in dealing with Albert Hakim, who is involved in STTGI."

Do either of you have any notion of what it was that Mr. Zucker was referring to in that paragraph?

MR. CLARK: I do not, other than what is here.

MR. MONSKY: There's an earlier reference to the effect that Mr. Secord is now "associated for better or for worse with Albert Hakim." Do you have any understanding of what the "for better or for worse" referred to?

MR. CLARK: I don't have an understanding. I can only speculate that Mr. Hakim -- he says in here that he believes -- based upon my own assessment of Mr. Hakim, I would conclude that he is a sales oriented person who you cannot take at face value everything he says. And I would assume the "for better or for worse," I assume that that's what that refers to.

MR. KERR: Let me ask you to step back for a moment and describe for us your perception of Zucker's relationship to Hakim. Perhaps I am wrong. Did you describe them as

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friends as well as business associates?

MR. ZINK: I did.

MR. KERR: Mr. Clark, what was your perception of the relationship between Zucker and Hakim?

MR. CLARK: I did not have a perception of the relationship in 1984.

MR. KERR: As of today.

MR. CLARK: As of today, I assume that my perception is that Hakim was a client of Mr. Zucker's.

MR. KERR: So you perceived their relationship to be essentially that of business relationship, of investment manager and client; is that correct?

MR. CLARK: I don't know what -- I mean, I assumed that it was attorney and client.

MR. KERR: In terms of the way you all dealt with Zucker -- so I can get a sense of that -- Zucker can wear any number of hats, but was it your impression when you were dealing with him that he was acting as attorney for CSF or in some other capacity?

MR. CLARK: My understanding was that he was acting as the chief executive of CSF.

MR. MONSKY: You dealt with him primarily on investments?

MR. CLARK: I dealt with him on investments and on this.

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MR. MONSKY: He was not your personal lawyer?

MR. CLARK: No.

MR. KERR: Let's go back. Let me take you to early June 1986. There came a time in early June when Mr. Zucker was again in the Woodbury, New Jersey, area; is that right?

MR. ZINK: Yes.

MR. KERR: Can you describe what happened then, Mr. Zink? Zucker was staying in Philadelphia at the Hershey Hotel at that time?

MR. ZINK: Yes. My recollection is that on June the 3rd Mr. Zucker arrived in Philadelphia, I believe at the Philadelphia Airport, where he was picked up by Mr. Wade. They met Mr. Clark and I at the Hershey Hotel where we then went out to dinner the night of the 3rd, had all-day business meetings on the 4th at Forway that Mr. Cohen and Mr. Farber, in addition to Wade, myself, Clark and Zucker, attended. And a final meeting was held the morning of the 5th where a board resolution further defining roles and responsibilities at Forway was held.

MR. KERR: Did there come a time on the 5th when, to your knowledge, a meeting took place with the company's bankers?

MR. ZINK: Yes. It's my understanding that the driver of one of our vehicles took Mr. Clark and Mr. Zucker to Philadelphia. I do not guess that Mr. Clark was dropped

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off at the train station, Mr. Zucker at First Pennsylvania Bank, where it's my understanding also that he had lunch with Robert DeVult, Forway's loan officer, and Mr. DeVult's boss, a fellow by the name of Alan Armstrong.

MR. KERR: Mr. Clark, did you or did you not attend the luncheon meeting with DeVult and Armstrong?

MR. CLARK: I don't believe I was there.

MR. KERR: Insofar as either of you know about that meeting, can you describe what you've been told occurred at that meeting? Mr. Zink?

MR. ZINK: The purpose of the meeting was to reassure First Pennsylvania Bank that Mr. Zucker and Mr. Clark were committed to the survival of Forway, and Mr. Zucker being up to that point the lead individual in putting any money that was required into the company and making the effort to hire consultants and remove Farber from the president position. The whole purpose of the meeting was really for Zucker to meet DeVult's boss, which was another layer of First Pennsylvania Bank that Forway up to that point had never penetrated.

MR. MONSKY: Did Zucker have signatory power on any of Forway's accounts at the bank?

MR. ZINK: No.

MR. KERR: Do you have any knowledge of any representations that were made to the bank's officers at that

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luncheon regarding Secord or Hakim?

MR. ZINK: No.

MR. KERR: When, to your knowledge, were Secord or Hakim first brought to the attention of the bank?

MR. ZINK: Late September.

MR. KERR: Mr. Clark, do you have any further different recollection of what would have occurred at this meeting with the officers of the bank on or about June 5th?

MR. CLARK: No. I wasn't there.

MR. KERR: Okay. And you weren't told anything more by Mr. Zucker about what happened?

MR. CLARK: No.

MR. KERR: We also have a note that Mr. Zucker paid yet another visit to Republic National Bank on June 6, 1986. Do either of you know anything about that visit by him to the bank?

MR. CLARK: I do not.

MR. ZINK: Nor do I.

MR. KERR: Okay. Let me move you to August of 1986. We touched briefly on the events of August 25, 1986. Mr. Zink, let me ask you to take us through the transaction whereby \$50,000 came in from CSF and was distributed out by Forway on August 25, 1986.

MR. ZINK: I was told by Mr. Zucker that the Laser Gunsight Project that I referred to earlier, in connection

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with that project he had agreed with Mr. Hakim on behalf of Forway to send \$50,000 to Stanford Technology as a -- I call it a finder's fee. Ron Wade and I have talked about it. He calls it seed money for the project.

My role was to give instructions on the incoming wire and then transfer the money to Stanford Technology, which I did at Albert Hakim's instruction.

MR. KERR: As of that time, August 25, 1986, Forway did not have the financial resources to make such a payment itself; is that right?

MR. ZINK: That's correct.

MR. KERR: The incoming funds came from what source, if you know? Came from CSF, I take it.

MR. ZINK: Yes.

MR. KERR: By way of what banking channel, if you know?

MR. ZINK: Off the top of my head, I don't know.

MR. KERR: And the money was wired out to Stanford Technology Corporation?

MR. ZINK: I believe so.

MR. KERR: Do you know to what bank?

MR. ZINK: Bank of America, Pruneyard branch.

MR. KERR: That's in California?

MR. ZINK: Yes.

MR. KERR: In terms of how this money which came

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into Forway is carried on its books, how do you all carry this sum at this time?

MR. ZINK: It is not on our books.

MR. KERR: What are the corporation's intentions in terms of how it will treat this infusion of \$50,000 and the distribution of the \$50,000?

MR. ZINK: Be accounted for properly.

MR. KERR: Okay. Do you have any idea what that means at this point?

MR. ZINK: I'll consult my accounting manager.

MR. KERR: The laser sight transaction was not consummated; am I correct?

MR. ZINK: That's correct.

MR. KERR: And, indeed, there had been no agreement to go ahead with the laser sight as of August 25, 1986; isn't that right?

MR. ZINK: That's correct.

MR. KERR: Do you have any idea what you were paying a finder's fee for at that point?

MR. ZINK: No.

MR. KERR: Okay.

MR. ZINK: I might add other than -- my inference was the, shall we call it, up-front costs required to potentially bring this product to fruition. But that's speculation and inference.

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MR. KERR: Now, let me narrow it down. I really need to know what you were told by Zucker. Did Zucker give you any of that kind of detail, or is this all surmise on your part?

MR. ZINK: I don't recall the exact words around it. I wish I did.

MR. MONSKY: Did Mr. Zucker ever ask for anything in exchange for the \$50,000 seed money, or whatever, which--

MR. ZINK: No, he did not.

MR. KERR: Has Mr. Hakim or anyone on behalf of Stanford Technology ever represented to you or, to your knowledge, anyone else at Forway what Stanford Technology perceived this \$50,000 to be?

MR. ZINK: No.

MR. KERR: We have another entry that on August 27, 1986, Mr. Zucker again visited Republic National Bank. Any knowledge of why that occurred?

MR. ZINK: No.

MR. KERR: Any knowledge of any other business that he was transacting in the States on August 27, 1986?

MR. ZINK: Not to my knowledge.

MR. KERR: Mr. Clark, do you have any knowledge of the \$50,000 transfer?

MR. CLARK: I do not.

MR. KERR: And do you have any knowledge of other

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business that Zucker might have been engaged in in the August 25 through August 27 period?

MR. CLARK: No, I do not.

MR. KERR: Now, there were meetings that took place in the third week or so of September 1986 which involved Mr. Hakim, amongst others; is that correct?

MR. ZINK: Yes.

MR. KERR: In terms of how those meetings got set up, what were you told? What were you told about why Mr. Hakim was going to come by and visit with you all at Forway the third week of September?

MR. ZINK: Is that to me?

MR. KERR: Yes.

MR. ZINK: There were two principal objectives of Mr. Hakim's visit: one being the introduction of an individual with the laser gunsight, a fellow by the name of Robert Fritchie; the second, call it a sub-objective, was that Mr. Hakim was mentioned by Mr. Zucker as someone who potentially could be in a position to acquire the equity interest of Farber.

MR. KERR: All right. You would have had this conversation with Zucker approximately when, vis-a-vis September 21 when they actually show up on your doorstep?

MR. ZINK: I would assume during September. There was a conversation I had at home, and it may have been the

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Friday preceding the Sunday arrival. It was an early morning call.

MR. KERR: Early morning because the call was coming from Europe or what?

MR. ZINK: I don't know. I don't remember where the call was coming from, but I do know I got a call at seven o'clock in the morning.

One of the things that I remember standing out during that conversation was a conversation between Mr. Zucker and I about Mr. Hakim. I remember asking Mr. Zucker a question, can he do it? Does he have the ability to do it?

MR. KERR: "Do it," meaning what?

MR. ZINK: Purchase the equity, have access to those funds. To that point, I didn't know what Albert Hakim -- anything about Mr. Hakim.

MR. KERR: And what did Mr. Zucker tell you?

MR. ZINK: In effect, he said yes, he has the means available to him if he so desires.

MR. KERR: Was anything said in that conversation or any other preliminary conversation about General Secord and his relationship to Hakim?

MR. ZINK: I don't believe so.

MR. KERR: When did it come to your attention that Hakim had a partner, if you will, named Secord?

MR. ZINK: I believe it was some time during the

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September meetings. It somehow worked its way into the combo framework rather than an individual.

MR. KERR: Mr. Clark, were you aware prior to September 21 that Mr. Hakim was going to be visiting at Forway?

MR. CLARK: Yes.

MR. KERR: Okay. And how did that come to your attention?

MR. CLARK: Mr. Zucker said he was going to drive up from Washington with Mr. Hakim, and during that period of time he wanted to talk to him about buying into Forway.

MR. KERR: All right. You intended to be present at Forway when these meetings took place, I take it; is that correct?

MR. CLARK: Yes.

MR. KERR: So that I'm perfectly clear, would this have been the first occasion that you had to meet Hakim, or had you met --

MR. CLARK: The first and only occasion that I met Hakim.

MR. KERR: And you knew that Hakim was coming up as a potential investor; is that correct?

MR. CLARK: Yes.

MR. KERR: Did you also know he was coming up to try to sell a laser sight?

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MR. CLARK: I don't remember, but it's possible.

MR. KERR: All right. Were you aware --

MR. CLARK: In fact, I think it's probable I did know.

MR. KERR: We've seen a reference to the partnership relationship in 1984 between Secord and Hakim. Were you aware, were you conscious in September of 1986 that Hakim was part of a matched set including General Secord? Did you see Secord as a potential investor at that point?

MR. CLARK: I asked Zucker at one point if Hakim comes in does that mean Secord comes with him, and he said yes, or words to that effect.

MR. KERR: Can you place that conversation?

MR. CLARK: No. I believe it was previous to the actual meeting, but...in the period just before it.

MR. KERR: Mr. Zink, when you said that phone call at seven in the morning you asked Mr. Zucker, does Hakim have the money, Zucker's response was -- I want to make sure I got this right -- that he has access to it.

MR. ZINK: My best recollection of the words were the means available to him to get it. That's my best recollection.

MR. MONSKY: So you were left with an impression that Hakim would have sources that he would turn to?

MR. ZINK: Yes.

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MR. MONSKY: Okay.

MR. CLARK: May I respond to that question, too?

MR. KERR: Sure.

MR. CLARK: I asked the same question of Zucker, and the answer was yes. And he said to me that he managed -- words to the effect that he managed and had authority over certain of the funds belonging to Hakim, what I assumed belonged to Hakim.

MR. KERR: Zucker managed?

MR. CLARK: Yes, Zucker. And he mentioned there was a conflict of interest, and so my impression from all this was that Hakim himself had the funds to come up with.

MR. KERR: You thought that Hakim had funds in his own right without relying on other people; is that correct?

MR. CLARK: The man who came up to Forway was Hakim.

MR. KERR: Right.

MR. CLARK: My impression was that Zucker had the authority to act for Hakim, but in practice Hakim was going to make the decision.

MR. KERR: I'm with you. Okay.

MR. CLARK: Now, he may have been making it on behalf of Secord, I don't know. But my impression was it was Hakim's decision as a practical matter.

MR. KERR: All right.

MR. MONSKY: Do you remember Hakim saying anything

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to the effect that he would have to consult Secord?

MR. CLARK: No, I do not.

MR. MONSKY: Mr. Zink?

MR. CLARK: Excuse me. Afterwards.

MR. KERR: Place that in time. After September 21?

MR. CLARK: After that meeting, there was a further discussion of terms under which they would become equity investors, and Zucker told me that Hakim told him that he had to somewhat improve the terms to be able to demonstrate to Secord that he had improved the deal that was offered to him.

MR. KERR: So at some point in late September, early October 1986, you became aware that Secord had a potential equity interest in this deal; is that right?

MR. CLARK: Along with Hakim, yes.

MR. KERR: Let's go through the chronology of what actually happened. On September 21, Mr. Hakim and Mr. Zucker arrive in New Jersey, right?

MR. ZINK: Correct.

MR. KERR: And Hakim and Zucker take up residence for the evening at the Gloucester Inn?

MR. ZINK: Correct.

MR. KERR: And you were there as well?

MR. CLARK: Yes, I was.

MR. KERR: Who was accompanying Hakim?

MR. CLARK: An Oriental. People who accompanied

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Hakim when he arrived were Zucker and an Oriental lady, who I believe was Korean but I'm not sure.

MR. KERR: And the relationship between Mr. Hakim and the Oriental lady you don't know; is that correct?

MR. CLARK: I assume it was a girlfriend, wife or...

MR. KERR: Very friendly secretary or whatever.

MR. CLARK: Yes, sir.

MR. KERR: Okay.

MR. CLARK: No, I don't think she was a secretary. I think it was a lady who was...

MR. ZINK: My understanding was it was his wife.

MR. KERR: His wife. Okay. That's helpful.

MR. ZINK: Judging by the rock on her finger.

MR. KERR: Okay. Do you have any idea why she was not registered at the hotel that day?

MR. ZINK: She was with him.

MR. KERR: I know. Usually one registers as Mr. and Mrs. The registration only shows Mr. Hakim. Do you have any idea why she was not registered?

MR. ZINK: No.

MR. KERR: In terms of what happened, did they arrive late on the 21st?

MR. ZINK: Late evening.

MR. KERR: Late evening.

MR. ZINK: Yes. I'd put it at seven o'clock, eight

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o'clock.

MR. CLARK: Yes.

MR. KERR: . And you all went to dinner together that evening?

MR. ZINK: Yes.

MR. CLARK: Yes.

MR. KERR: Was there any discussion at that dinner, not focusing now on Forway, but on other business activities that either Zucker or Hakim were engaged in at that time? Anything by way of social chit-chat, anything of that kind that you can recall?

MR. ZINK: Not to my recollection.

MR. CLARK: No.

MR. KERR: No recollection of any discussion by Zucker or Hakim of another client that Zucker intended to meet with during the forthcoming week?

MR. ZINK: No.

MR. CLARK: No.

MR. KERR: The next day you had meetings at Forway?

MR. ZINK: Correct.

MR. KERR: And can you give me the gist of what those meetings were about?

MR. ZINK: As I remember it, we had a morning meeting with some fragmentation. I think Mr. Clark can help fill in the pieces, but there was a meeting between Farber

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and Zucker, Wade, Clark and myself. There were a series of meetings that I participated in that were focused solely on Forway. I did not participate in any of the meetings, any of the other meetings that were going on.

MR. CLARK: You weren't in the later meeting?

MR. ZINK: That's in the morning. In late morning, early afternoon, we broke for lunch. Well, we didn't break for lunch. We went to Philadelphia to meet with Bob DeVult and his boss.

MR. KERR: The bankers?

MR. ZINK: Correct.

MR. KERR: Okay. Before I get to the bankers, let me interject something. It came to your attention at some point -- either on the 21st or the 22nd -- that Mr. Zucker was hopeful of receiving \$25,000 in cash by way of First Pennsylvania Bank; is that correct?

MR. ZINK: Yes.

MR. KERR: Describe for me how that came to your attention.

MR. ZINK: My recollection is that prior to the leaving Forway --

MR. KERR: On the 22nd?

MR. ZINK: On Monday, the 22nd, Mr. Zucker asked me to contact Mr. DeVult and inform/ask him that \$25,000 had been -- he had arranged for \$25,000 to be wired into Forway's

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account at First Pennsylvania, and if \$25,000 in cash could be available to him prior to us terminating our meetings at the bank.

MR. KERR: Mr. DeVult's response to that was what? Did he say he could do it or he couldn't do it or what?

MR. ZINK: He indicated he would have to check it out. He said something like it's not a routine type request.

MR. KERR: Were you given any instructions on what you were to ask in terms of the denominations of the bills for \$25,000 to be produced in?

MR. ZINK: No.

MR. KERR: You were not. Did Mr. Zucker indicate to you what business or other purpose he had in mind for \$25,000?

MR. ZINK: No.

MR. MONSKY: Did Mr. Zucker ever request at any other time for cash to be produced out of the Forway's account?

MR. ZINK: No.

MR. MONSKY: When did Mr. Zucker learn that the cash would be unavailable?

MR. ZINK: Early to mid-afternoon. Early to mid-afternoon on that Monday, the 22nd.

MR. MONSKY: Okay. And what was his reaction?

MR. ZINK: He was not pleased.

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MR. KERR: How was that evidenced?

MR. ZINK: At least one remark regarding the professionalism of First Pennsylvania Bank.

MR. MONSKY: Would you say he lost his cool a little bit?

MR. ZINK: No.

MR. KERR: Let me pursue it a tad further. Did he give you any indication at that point of any business or other problems that would result to him because he couldn't get his hands on \$25,000 cash?

MR. ZINK: No. There was no discussion...ask me the question again. I'm sorry.

MR. KERR: Yes. He's reacting negatively at not being able to get \$25,000. Did he indicate in any fashion that this was causing him difficulty with a business or some other kind of transaction?

MR. ZINK: I recollect him saying, "I need the money. Is there any other alternative?"

MR. KERR: Did you suggest any other alternative to him?

MR. ZINK: I did not have any.

MR. KERR: Do you have any knowledge of any other business entities or sources of funds that he could have gone to at that time to come up with \$25,000? Do you yourself have any such knowledge?

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MR. ZINK: No.

MR. KERR: Mr. Clark, do you have any knowledge of any other efforts made by Mr. Zucker to lay his hands on \$25,000 cash on the 22nd or thereabouts of September.

MR. CLARK: I do not.

MR. KERR: Did he make any request of you for assistance in raising that cash?

MR. CLARK: No, he did not.

MR. KERR: Did he indicate to you why he needed \$25,000 cash?

MR. CLARK: No, he did not.

MR. KERR: He didn't mention the \$25,000 cash in connection with the meeting he was planning to have at approximately 11:30 to 12 on Saturday, the 27th of September?

MR. CLARK: No.

MR. KERR: In terms of where Zucker got the bad news that he wasn't going to get \$25,000 cash, were you present when that news was visited upon him?

MR. CLARK: My recollection is that there was a check for \$25,000 that he wanted to cash and that there was a problem with it, and that is the extent of my recollection.

MR. KERR: Any further recall of anything he said, any reaction he had to that problem?

MR. CLARK: No.

MR. KERR: Did he discuss it with either of the



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officers of the bank?

MR. ZINK: Yes.

MR. KERR: Who?

MR. ZINK: With Mr. DeVult.

MR. KERR: Let me go to the bank meeting. In terms of what happened at the meeting with the bank, I assume something other than the \$25,000 check was discussed, right?

MR. ZINK: Yes.

MR. KERR: What was discussed at that meeting?

MR. ZINK: One of the other purposes of the visit was to try and convince First Pennsylvania Bank to extend a working capital loan. That was the purpose of the meeting.

MR. KERR: In that context or otherwise, was the discussion with the bank officers about the potential for buying out Mr. Farber as of September 22?

MR. ZINK: Not in the meeting that I participated in.

MR. KERR: Do you have knowledge of that being discussed in some other fashion that day with the bank's officers?

MR. ZINK: If it took place, Mr. Clark would be the only --

MR. KERR: Mr. Clark?

MR. CLARK: I do not recall that conversation.

MR. KERR: Do you recall any discussion in any

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context with the bank's officers about the investment potential of Secord or Hakim as of that time?

MR. MONSKY: Of the general.

MR. CLARK: I never had a conversation; I was never present where a conversation took place about that.

MR. KERR: Did it ever come to your attention that such a discussion was had with the bank's officers, Mr. Zink?

MR. ZINK: Yes, but I am not sure of the timing.

MR. KERR: Why don't you give me the context, and then we'll figure out what the date is, okay? How did that come about?

MR. ZINK: One of the things that happened during that meeting was that Dr. Farber solidified in all of our minds his inability to effectively help the company, and I believe it was becoming increasingly apparent up until that point and then culminating at that point that Farber--it wasn't working with Farber in it. But the problem was how do you get him out.

And, based on my conversations with Mr. DeVult--and what I'm trying to put in a time frame is if Mr. Zucker made any comments to Mr. DeVult about having the financial means somewhere to get Farber out.

MR. KERR: So that I can understand what's going on here, the deal to take out Mr. Farber closed on October 3rd. I believe from what you told us that Mr. Zucker wouldn't have

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been present for that, right?

MR. ZINK: That's correct.

MR. KERR: And from what you have told us previously off the record, Mr. Zucker was in town on September 21, 22, perhaps September 23, and then he comes back in on Saturday, September 27th, 1986, and then, so far as Mr. Farber is concerned, Mr. Zucker doesn't appear on the horizon again, isn't that right?

MR. ZINK: That's correct.

MR. KERR: Now, if Mr. Zucker made any representations to the bank's officers, is there any occasion other than the 22nd when that could have occurred?

MR. ZINK: Not to my knowledge.

MR. KERR: Do you have a present recollection of Zucker making representations to the bank's officers about Hakim and Secord?

MR. ZINK: Faintly, yes.

MR. KERR: So if there were such representations, more likely than not they would have occurred at the meeting on the 22nd, is that correct?

MR. ZINK: Yes.

MR. KERR: Mr. Clark, do you have anything that you can add or that's inconsistent with that recollection?

MR. CLARK: I do not.

MR. ZINK: Could I add one thing?

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MR. KERR: Sure.

MR. ZINK: Based upon my conversation with Mr. Zucker the Friday preceding the visit, I may have said something to Mr. DeVult as well. One of the things the bank was interested in was will Forway make it, i.e., will they lose their million-plus loan. And they recognized that with him in it the probability was a whole lot higher ---

MR. KERR: "Him" being?

MR. ZINK: Farber. So that in the ongoing discussions that I would have almost daily with our loan officer, that would be something that, based on a conversation with Mr. Zucker, I may have replayed back to Mr. DeVult.

MR. KERR: Loan officers are funny creatures, and every bank is different, but I would have thought that if the bank was looking to the financial backing of Hakim or Secord or CSF, they might have wanted you all to make some kind of representation in writing. They didn't want you to do that?

MR. ZINK: No.

MR. MONSKY: Do you remember Mr. Zucker making a representation, something to the effect that a general would be making an investment in the company?

MR. ZINK: Yes.

MR. MONSKY: Could you describe that, as best you could.

MR. ZINK: Somewhere in this last September time

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frame, a representation that I believe I heard back from Mr. DeVult was made to him by Mr. Zucker, describing that potentially a general, not just any general, may be interested in acquiring some or a piece of Farber's equity.

MR. MONSKY: And did you have any inkling of who that general might have been?

MR. ZINK: The name Secord was I believe thrown out. At the time the name meant nothing to anybody.

MR. KERR: Moving the chronology a bit further forward, Zucker, to the best of your recollection, did in fact leave the Woodbury area on September 23rd?

MR. ZINK: Yes.

MR. KERR: By that time, Mr. Clark, had you also departed?

MR. CLARK: I believe so.

MR. KERR: We have another notation that Zucker visited the Republic National Bank on September 25th, 1986, suggesting he was in the New York City area at that time. Do either of you have any knowledge what business he was doing in New York on or about September 25th, 1986?

MR. ZINK: No.

MR. CLARK: I do not.

MR. KERR: We have been advised that Mr. Zucker was back in Woodbury on September 27th, 1986. Is it your understanding that that is correct?

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MR. ZINK: Yes.

MR. KERR: It's a Saturday.

MR. ZINK: Yes.

MR. KERR: And neither of you were present when he was meeting with Harold Cohen and Mr. Farber and Mr. Horowitz, is that right?

MR. CLARK: Yes.

THE REPORTER: "Yes" was your answer?

MR. ZINK: That's correct.

MR. KERR: Did you receive information from Mr. Zucker on that Saturday on what he was about?

MR. ZINK: Yes, I did.

MR. KERR: What did you hear from him? How many times did you hear from him?

MR. ZINK: I believe I made a total of three calls, a minimum of three calls to Mr. Cohen's office, and the first one was in the 10 o'clock time frame. I learned that Mr. Zucker was not doing very well with the negotiations, and was very frustrated, and could I call back in an hour or so.

MR. KERR: You learned that from Zucker himself?

MR. ZINK: Yes, I did. I called back--and this is a guess--in the noon time frame. I was told by Harold that Bill had stepped out.

MR. KERR: That would be Harold Cohen?

MR. ZINK: Harold Cohen.

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MR. KERR: Did he tell you where Mr. Zucker had stepped out to?

MR. ZINK: No, he did not. And then I made I think a final phone call in the 2 or 3 o'clock time frame where Mr. Zucker informed me that he was extremely frustrated and had given up trying to reach a settlement with Farber and was going to New York.

MR. KERR: Let me just stop you there. Do either of you have any knowledge of a trip that Zucker took to Philadelphia Airport that day, September 27, 1986, some time between 10 and 2 that day?

MR. ZINK: No, I do not.

MR. CLARK: I don't know.

MR. KERR: Mr. Clark, did you have occasion to talk with Mr. Zucker that day?

MR. CLARK: It's possible. My recollection is that shortly thereafter--I may need some help on dates--it became apparent that the only circumstances under which Farber was going to sell is if he was pressured and pressured very hard to sell, to which point I developed an ultimatum that I would no longer go along with the banks and I would call the loans unless he agreed to sell for \$750,000.

MR. KERR: Let me stop you there. You and Mr. Zink had indicated that Mr. Zucker was frustrated. What was frustrating him, his inability to come to terms with Farber?

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MR. CLARK: He was frustrated in getting a deal, and I think in addition to that he was frustrated by Farber's lack of flexibility and perhaps by having the son-in-law come into this, and the son-in-law, if I remember correctly--it's a vague recollection--was not a positive force in Zucker's eyes in terms of persuading Farber to accept a deal.

MR. KERR: Did you have any further contact, Mr. Zink, with Mr. Zucker on this matter that weekend?

MR. ZINK: No, I did not.

MR. KERR: Could you have contacted Mr. Zucker the following Monday, September 29, 1986?

MR. ZINK: Yes, I did.

MR. KERR: And what was the nature of that contact?

MR. ZINK: I believe I received a phone call from Mr. Zucker whereby he told me that he had given his proxy to Mr. Clark and that, as far as Jacob Farber and Harold Cohen were concerned, he was off the face of the earth for a future period.

MR. KERR: Do you know where Zucker was at the time that you had that conversation with him?

MR. ZINK: I don't know for sure.

MR. KERR: Can you give me your best guess or estimate?

MR. ZINK: In Jacksonville, Florida.

MR. KERR: And what is that based on?

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MR. ZINK: The dates--I would have to substantiate it with dates, but I believe Mr. Zucker had meetings with Mr. Cornelius in Jacksonville in that time frame, and that's why I said it. I'm not definite about it; the dates would have to bear me out.

MR. KERR: Did it come to your attention some time during the week of September 29, 1986, that Mr. Zucker was back in Switzerland?

MR. ZINK: That was my assumption, yes.

MR. KERR: Do you recall receiving a telephone call from him from Switzerland during that period of time, some time through and including the 3rd of October?

MR. ZINK: I don't remember whether I did or didn't.

MR. KERR: Mr. Clark, did you have any contact with Mr. Zucker during that period up to the 3rd of October?

MR. CLARK: I may have; I do not recall precise conversations.

MR. KERR: In terms of doing the deal with Farber, an agreement was ultimately reached that week, was it not?

MR. CLARK: Yes.

MR. KERR: Who was responsible for handling that transaction for you and Mr. Zucker?

MR. CLARK: Mr. Bright.

MR. KERR: And he had power of attorney from you and from Zucker?

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MR. CLARK: Yes.

MR. KERR: In terms of the deal that was done, as of October 3rd, 1986, when the deal was consummated, what understanding, if any, did you have of the role Messrs. Hakim and Secord might play in this transaction?

MR. CLARK: I have a memo here, dated 6 October '86, which indicates that Hakim and Secord would probably purchase two-thirds of the shares owned by Farber, to the net effect of--the transaction would be that Hakim and Secord would end up with a third of the equity, Clark Management would end up with a third of the equity, and CSF would end up with a third.

MR. KERR: Now, the memo is dated October 6. Did you have an understanding prior to October 6 that this was the nature of the arrangement that was going to be entered into?

MR. CLARK: From my standpoint, I was purchasing a third and CSF was purchasing a third. I did not know whether or not Hakim and Secord in effect purchased their third, so to speak, through CSF. I considered that a matter between Zucker and Hakim and Secord.

MR. KERR: Let me show you the memorandum that's dated October 6, 1986--you have given us a copy of it. I would like to have that marked as Exhibit 2.

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tification as Clark/Zink Exhibit No. 2]

With regard to Exhibit 2, you would have received a copy of this memorandum at or about the time of its date?

MR. CLARK: I don't remember.

MR. KERR: With regard to the points that are set forth in the memorandum, do you recall when you would have discussed them with Mr. Zucker?

MR. CLARK: I did not have a discussion of these points with Mr. Zucker.

MR. KERR: The memo was sent to Messrs. Wade and Zink. Did you discuss with them the terms that are set forth in the memorandum?

MR. CLARK: The terms of--you are referring to paragraph five?

MR. KERR: Well, the memorandum itself is addressed to Wade and Zink. Paragraph five goes through some tax aspects, and also talks about Hakim and Secord. But in terms of what's set forth in the memorandum, did you review this with Wade and Zink at some point?

MR. CLARK: I believe we did not. I believe it was for them to respond to the individual points that Zucker raised.

MR. KERR: And with regard to the Hakim and Secord potential purchase of two-thirds of Farber's shares, as set forth in 5(c)(i), do you have a recollection of discussing

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this aspect of things with Zucker at any time before October 6, 1986?

MR. CLARK: Yes; we discussed the possibility of them coming in. Once again, whether or not they came in was, from my standpoint, irrelevant. What was relevant and what was the only relevant point of this whole situation was that Farber would be bought out so that our new management could run the company without being stymied.

MR. KERR: So I can understand, it was of importance to you that CSF in some fashion or another put up the money to buy out Farber, correct?

MR. CLARK: It was important to me that Farber be bought out, period.

MR. KERR: With regard to how Hakim and Secord would fit into the corporate structure, was there any discussion between you and Mr. Zucker about whether or not Hakim and Secord would actually appear on the books of the corporation as stockholders?

MR. CLARK: There was no discussion of that.

MR. KERR: One way or the other?

MR. CLARK: One way or the other.

MR. KERR: The desirability of having Hakim and Secord as unidentified equity holders of stock was not discussed, is that right? Are you with me?

MR. CLARK: I can respond to your question by

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making the observation that I assumed that it would be done through CSF. At the same time I assumed that Zucker felt it would be a point in favor of the company, to the advantage of the company, to have Secord involved. It was unclear to me whether he would be publicly involved as a director or not. And I think --

MR. KERR: What you put your finger on is what troubles me. If, on the one hand, you are holding Hakim--or somebody is holding is holding Hakim or Secord out as investors of significance to the bank, that would suggest that their position was going to be disclosed in some fashion or another.

MR. CLARK: Yes. I do recollect one conversation with Zucker--and I cannot tell you when it happened--but we were talking about the board of directors, and my recollection is maybe Secord.

MR. KERR: I see. But there was no agreement actually reached on giving a position on the board to either Hakim or Secord, is that right?

MR. CLARK: No, not a formal agreement.

MR. KERR: And no actual agreement was entered into, to your knowledge, obliging Hakim and Secord to purchase an equity position in the corporation, is that right?

MR. CLARK: Could you say that again?

MR. KERR: Sure. No actual agreement was entered

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into, to your knowledge, obliging Hakim and Secord to purchase an equity position in Forway.

MR. CLARK: Correct.

MR. MONSKY: Mr. Zink, did you receive a copy of this memo?

MR. ZINK: Yes, I did.

MR. MONSKY: And after you read this memo, what was your impression of the role that Hakim and Secord would be playing with respect to the Farber situation?

MR. ZINK: I assumed that Secord and Hakim would probably acquire the equity.

MR. MONSKY: Was there a debt to be purchased from Mr. Farber?

MR. ZINK: The debt was forgiven under the terms of the buy-out agreement.

MR. MONSKY: Did you discuss this memorandum with Mr. Zucker?

MR. ZINK: Not immediately.

MR. KERR: But you did discuss it at some point.

MR. ZINK: Yes.

MR. KERR: At what point?

MR. ZINK: Two pieces. The first piece deals with what's on the second page, the growth and prosperity in the future of Forway. And Ron Wade and I reacted to the page 2 words, something along the lines: has he lost his marbles?

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MR. KERR: You thought it was a tad too optimistic?

MR. ZINK: Just a tad, yes. And the wording back there, because of our day-to-day operational involvement, overtook at the time what was on page 1.

MR. MONSKY: Was the reference to a minimum sales volume of \$15 million high?

MR. ZINK: Yes. The largest sales the company ever had were \$10 million.

MR. MONSKY: Is that a year?

MR. ZINK: A year, yes.

MR. MONSKY: Did Mr. Zucker give you any impression about how the sales volume would pick up?

MR. ZINK: No, and that was why it was so ludicrous.

MR. KERR: But he didn't make any representations to you about how he or Hakim or Secord or Mannie Wiegensberg or anybody else was going to come to the rescue of the company.

MR. ZINK: That's correct. And the second piece to the discussion on this was some question initially about--and I don't believe it happened until even late October; I mean, it was not something that we immediately reacted to because of our distaste for page 2. Operationally, other than the debt entry, nothing there really mattered in doing the things we were doing at Forway. And that's exactly how they were handled. The whole idea of a recapitalization, stock

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certificates, etcetera, etcetera, were put off.

MR. KERR: Did there come a time when you had an actual conversation with Zucker about the potential contribution of Hakim and Secord by way of a purchase of these shares? Did you ever discuss item 5(c)(i) with Mr. Zucker at any time?

MR. ZINK: Yes.

MR. KERR: When was that?

MR. ZINK: It was after the news of those individuals' involvement in the larger issue we are here talking about.

MR. MONSKY: Prior to this discussion, was your impression that the purchase had been made, as described in the memorandum?

MR. ZINK: I did not know how the purchase was effected. I did not participate in the arrangement of wiring of funds and the like.

MR. MONSKY: Well, Farber was bought out, right?

MR. ZINK: Yes.

MR. MONSKY: And the transaction described here, the process of buying Farber out--the transaction was in the fashion described in this memorandum in terms of the dollar amounts and so forth.

MR. ZINK: I did not know how the money was moved.

MR. MONSKY: But the money was moved.

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MR. ZINK: Farber was paid.

MR. KERR: That occurred October 3rd, to your knowledge.

MR. ZINK: Correct.

MR. MONSKY: And so your only knowledge of who might have paid Farber would come from this memorandum up to that date.

MR. ZINK: Combined with the discussion that I had with Mr. Zucker preceding his visit in September.

MR. KERR: And that discussion related to Hakim and Secord.

MR. ZINK: That's correct.

MR. ZANARDI: Just one question. You had no reason to doubt that the terms of the memorandum were not implemented.

MR. MONSKY: You had no reason to doubt it and nothing to confirm it.

MR. ZINK: That's correct.

MR. KERR: Mr. Clark, did you have at any time up until some time in November any further knowledge of the role that Hakim and Secord may have played in this transaction as it was done by CSF?

MR. CLARK: No, I did not.

MR. KERR: Now, you had a conversation, Mr. Zink, some time in November, is that correct?

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MR. ZINK: Approximately.

MR. KERR: The conversation was yourself and Mr. Zucker?

MR. ZINK: Yes.

MR. KERR: Anybody else participate in that conversation?

MR. ZINK: Not to my knowledge.

MR. KERR: Was it by telephone or face to face?

MR. ZINK: It was telephone.

MR. KERR: And can you describe for me what transpired in that conversation?

MR. ZINK: It was a conversation--and I don't specifically remember the conversation, I believe there were several issues discussed, one of which we talked about the more key issue and other items related to Forway.

I posed the question to Mr. Zucker: Given what's going on, do Secord and Hakim have a beneficial interest in Forway? And his response to me was no.

MR. KERR: And that conversation would have taken place after the press attention began to focus on the ---

MR. ZINK: CSF, Secord, Hakim--and my banker started to ask me questions.

MR. MONSKY: Was your question to Zucker: What should I tell the bankers?

MR. ZINK: I don't know how the question was

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worded. I don't think the banker issue was the only issue that concerned me.

MR. MONSKY: Did you put the question to Zucker: Did Secord or Hakim ever at any time have an interest?

MR. ZINK: No.

MR. MONSKY: So you were left with the impression that as of that moment Hakim and Secord did not have an interest.

MR. ZINK: Yes.

MR. MONSKY: Did Zucker say to you anything to the effect: No, they don't have an interest now, and they never have; the memorandum that was sent to you that mentioned Hakim and Secord, there was no investment.

MR. ZINK: No; the way it was put was that CSF owns two-thirds of Forway's equity.

MR. MONSKY: As of that moment?

MR. ZINK: I don't know whether that was qualified that way.

MR. KERR: So you don't know when in time, if ever, CSF acquired that position?

MR. ZINK: No, I don't.

MR. KERR: And, Mr. Clark, do you know anything more about that arrangement?

MR. CLARK: No, I do not, except the --

MR. KERR: The March memo?

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MR. CLARK: Yes.

MR. KERR: Maybe the time is now to deal with the March memo, since it cross-references this one. Let me have marked as Exhibit 3 the March 6th, 1987, memo from Mr. Zucker to Mr. Clark.

[The document referred to was marked for identification as Clark/Zink Exhibit No. 3]

Let's mark as Exhibit 4 a memo from Mr. Bright to Mr. Zucker of March 6, 1987.

[The document referred to was marked for identification as Clark/Zink Exhibit No. 4]

Now, in terms of what's going on in Exhibits 3 and 4, the memo from Mr. Bright to Mr. Zucker, was it, to your knowledge, FAX'ed or otherwise electronically transmitted to Mr. Zucker on the 6th of March, do you know, Mr. Clark?

MR. CLARK: I assume it was because it says "facsimile memorandum."

MR. MONSKY: Have you asked Mr. Bright about that, whether it was transmitted on that day?

MR. CLARK: Whether it was transmitted on that day? No, I have not.

MR. KERR: Is it your understanding that the Zucker-to-Clark memo is in response to the Bright-to-Zucker memo?

MR. CLARK: Yes, it was.

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MR. KERR: From the Bright memo, it appears that there was some financial concern that was before the company on March 6th, 1987, is that your understanding as well?

MR. CLARK: Yes.

MR. KERR: And in response to that concern Mr. Zucker was being asked to see to it that CSF would put up \$200,000 in additional collateral, is that correct?

MR. CLARK: Yes.

MR. KERR: Now, Mr. Zucker got back in touch with you and sent you the March 6th memo--and let's dwell on the first paragraph for a moment.

That paragraph says "Given existing circumstances and fact that I had to finance purchase of one-third from fat man when the others were dropped for obvious reasons, I think it appropriate that you proceed to do what is requested in the above-mentioned memo."

The "above-mentioned memo" is the CBB FAX memo of 6 March 1987, I think, but I'm not sure. Can you translate that paragraph for me in terms of what you understood it to mean?

MR. CLARK: I understand that he is asking me to put up the \$200,000 in collateral.

MR. KERR: And the explanation for that is what, as that memo is written?

MR. CLARK: As I understand this

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MR. KERR: Let's take it step by step. The "fat man" translated to whom, as far as you were concerned.

MR. CLARK: Jacob Farber.

MR. KERR: The "others" were who?

MR. CLARK: I assume Secord and Hakim.

MR. KERR: Last point was "for obvious reasons." What did you understand "obvious reasons" to refer to?

MR. CLARK: The publicity surrounding their names.

MR. MONSKY: Did you understand that to mean, then, that they were dropped at the time of the publicity?

MR. CLARK: I have--I can only read what is here, and I think you have to interpret it.

MR. MONSKY: Well, I'm asking you for your interpretation.

MR. BRIGHT: Alfred, if you know. You don't have to guess.

MR. CLARK: You asked me the "when" question.

MR. MONSKY: Yes.

MR. CLARK: The answer is I do not know.

MR. KERR: You never had occasion to discuss with Mr. Zucker whether at any time Hakim and Secord had purchased from or through CSF an equity interest in Forway, is that right?

MR. CLARK: That's correct. As I said before, to me it was irrelevant --

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MR. KERR: I understand.

MR. CLARK: -- who the purchasers were. The only relevancy was getting Farber out.

MR. KERR: The reason I ask, and the reason it might be relevant--see if it stirs any further recollection--one sometimes is concerned about potential lawsuits that might arise when this kind of unhappiness hits the newspapers. Did you ever have occasion to discuss with Zucker any events involving Hakim or Secord that might give rise to potential litigation over his interest in Forway, claims that could be made against this stock that's been purchased with funds from the Iran expedition, for example?

MR. CLARK: No, I did not.

MR. KERR: The remaining references in this memorandum to "RW" and "OBEF" refer to an employment situation, is that correct?

MR. CLARK: That's correct.

MR. KERR: And, Mr. Zink, maybe you can give us in a nutshell what that refers to.

MR. ZINK: Mr. Zucker was proposing that Forway obtain visas for two individuals from Spain or from Switzerland who would become employees of Forway, and Ron Wade and I had some serious reservations about the practicality and appropriateness of bringing people in when we were in a workforce-reduction mode. And the issue culminated in Rod

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Wade I believe sending a Telex to Mr. Zucker to the effect that it didn't make sense, and Mr. Clark intervened at some point in that correspondence to effectively kill that issue.

MR. KERR: Now, just one final follow-up question on that, Mr. Clark. You did in fact advance the \$200,000 in question after receiving this memo from Mr. Zucker, is that correct?

MR. CLARK: That is correct.

MR. KERR: Now, with regard, Mr. Clark, to further meetings and conversations that you have had with Mr. Zucker, you have had occasion to meet with and have discussions with Mr. Zucker since October 3rd, 1986, isn't that right?

MR. CLARK: That's correct.

MR. KERR: Can you describe for me the occasions when you have met face to face with Mr. Zucker since that time--how many such occasions and when were they?

MR. CLARK: They were in the period at the end of 1986 or the beginning of '87.

MR. KERR: So that would be late December, early January?

MR. CLARK: Yes. That's one occasion. The second occasion was February 11th, 12th. And there may have been another occasion in March, I'm not sure.

MR. KERR: And where would these meetings have taken place?

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MR. CLARK: They were in Geneva at the office of CSF

MR. KERR: And can you give me your best recollection of the things that you and Mr. Zucker would have discussed at those meetings?

MR. CLARK: These discussions were about the phase-out of Clark Management's role as an investment manager for CSF.

MR. KERR: Now, did you have occasion during one or more of those meetings to discuss with Mr. Zucker Mr. Zucker's relationship with Secord and Hakim as it was being raised in the press at that time?

MR. CLARK: I did not discuss it with him and I did not ask any questions. He volunteered information to me.

MR. KERR: What did he tell you?

MR. CLARK: He told me that six and a half million dollars, or an amount of money in that general neighborhood, had been segregated, separated, or frozen, pending what I assume to be the final determination of who the money belonged to.

MR. MONSKY: Did he say anything to you about how the number 6.5 million was arrived at?

MR. CLARK: No.

MR. KERR: Go ahead.

MR. CLARK: He also said that the fees that CSF had

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received were customary fiduciary fees, they were standard fiduciary fees, and those were the only fees they received, indicating to me that he was acting as an agent rather than as a principal. He said that Roland Farina, who was the head of their accounting, had excellent records showing money that was coming in, money that was going out, and that Hakim had been given copies of all these records. And he hoped that Hakim would turn it over to the special prosecutor and to your committee. He also said that he could not do it because of Swiss law, under which he would be penalized if he did.

MR. KERR: Anything further you recall about that representation by Mr. Zucker?

MR. CLARK: No.

MR. KERR: In terms of trying to place it in time as between end of '86, February 11-12, or some time in March, can you --

MR. CLARK: My guess is that it was at the earlier of those meetings.

MR. KERR: Have you ever had a conversation with Mr. Zucker since the stories in the newspapers about Mr. Zucker's involvement in making or attempting to make offers of support to either the North family or Mrs. North?

MR. CLARK: No.

MR. KERR: So you never had occasion to discuss that or have him discuss it with you?

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MR. CLARK: No.

MR. KERR: Mr. Zink, have you ever had occasion to discuss that with Mr. Zucker?

MR. ZINK: No.

MR. KERR: Have either of you had dealings with Mr. Farina?

MR. CLARK: Yes, I have.

MR. KERR: And can you tell me the kinds of things that you talk about with Farina?

MR. CLARK: Farina is the person who is in charge of the accounting and computer operation, recordkeeping operation, at CSF. He is the person that we, Clark Management, dealt with in terms of statements, brokerage statements, in terms of the recordkeeping.

MR. KERR: Was there ever a time when you had any conversation with Mr. Farina about the role he played at CSF relating to Mr. Hakim or General Secord?

MR. CLARK: No.

MR. MONSKY: Is Mr. Farina still with CSF?

MR. CLARK: My understanding is he has left.

MR. KERR: Do you know when that occurred?

MR. CLARK: I believe he told me that he was leaving at the end of March.

MR. KERR: Did he say anything to you or did anybody else ever tell you why it was that he left CSF?

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MR. CLARK: No.

MR. KERR: Let's go off the record.

[Brief discussion off the record]

MR. KERR: Back on the record. In terms of your experience with Mr. Farina and, more generally, CSF bookkeeping, recordkeeping, operations, can you describe what experience you had with Farina and CSF?

MR. CLARK: Yes. It was an account and fiduciary trust company and we were doing transactions at brokerage houses, in particular Parker-Alexander and Bear-Stearns. It is not uncommon to have a lot of errors, and you have to reconcile them. And these would inevitably happen on a continuing basis, and there would be a lot of questions from him to us: what about this, what about that, what about the other thing? And so there was communication going back and forth about that.

MR. MONSKY: Did he prepare, Farina or people at CSF prepare reports and send them to you and ask you to reconcile those reports?

MR. CLARK: No.

MR. ZANARDI: You sent reports to him?

MR. CLARK: Yes. And he would ask us questions based upon those reports.

MR. MONSKY: Off the record.

[Brief discussion off the record]

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MR. KERR: Two other matters. Mr. Zink, you've had conversations with Mr. Zucker since October 3rd?

MR. ZINK: Yes.

MR. KERR: You had one in November that we discussed.

MR. ZINK: Yes.

MR. KERR: Have you had subsequent conversations with Mr. Zucker?

MR. ZINK: Yes.

MR. KERR: Have you had any further conversations with Mr. Zucker that would relate to the matters that have been subject to press coverage?

MR. ZINK: Nothing direct. I can remember two or three conversations--once again, the focus was Forway matters. And I can remember a piece of the conversation being something along the line: how's it going, Bill? And getting, you know, things-are-tough, getting-by kinds of answers.

MR. KERR: Did Mr. Zucker ever indicate to you when we might expect to see him in the United States again?

MR. ZINK: No, he has not.

MR. KERR: Mr. Clark?

MR. CLARK: No, he has not.

MR. KERR: And with regard to Mr. Zucker, when last did you speak to Mr. Zucker?

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MR. ZINK: Maybe a month ago.

MR. KERR: With regard to the investigation of the House and Senate committees, you had no discussions with him about our contact with you, is that correct?

MR. ZINK: Absolutely not.

MR. KERR: Mr. Clark?

MR. CLARK: No.

MR. KERR: Does Mr. Zucker have counsel in the United States, to your knowledge?

MR. ZINK: I believe so, yes.

MR. KERR: Who would that be, to your knowledge?

MR. ZINK: I don't know the firm's name.

MR. KERR: Do you know the lawyer's name?

MR. ZINK: I know of one attorney in New York that did an opinion for Mr. Zucker. It's a guess: I think his name is Baller, but I'm not a hundred-percent sure.

MR. KERR: Mr. Clark, do you have any knowledge of legal counsel Mr. Zucker would have in the U.S.?

MR. CLARK: No.

MR. ZINK: I would also add to that that when I was interviewed by the special prosecutor, Mr. Bright took notes of that interview and sent them to Mr. Zucker's counsel, or who I assumed to be Mr. Zucker's counsel.

MR. KERR: Let's go off the record for a second.

[Brief discussion off the record]

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MR. KERR: We've made inquiry of Mr. Bright as to who it was that he sent the notes to. Mr. Bright indicated that in that matter he was acting as counsel for Zucker, and that while he has no objection to revealing who he sent the notes to, he feels that it's a matter of attorney-client privilege that he is not free to waive and make available to us, is that right, Mr. Bright?

MR. BRIGHT: That's right.

MR. KERR: Thank you.

MR. MONSKY: Back off the record.

[Brief discussion off the record]

MR. MONSKY: Mr. Clark, I just want to clarify one point. There is a memorandum attached to Exhibit 1. The memorandum is undated. Could you tell me how you placed the date of that memorandum?

MR. CLARK: Yes, the first line says "You may or may not recall that the day after the wedding Al Clark and I picked up Richard Secord at the Philadelphia Airport." The wedding reference is related to the wedding of Farber's daughter, which I attended. And in my file I had a letter to Farber thanking him for being included in the wedding, and in my letter I say: I greatly enjoyed myself at your extravaganza last night. The letter is dated June 18, so I assume the wedding was on the 17th--that's 1984. So in this way that was how I was able to determine a date for the memorandum.

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MR. MONSKY: Thank you.

MR. KERR: Let's shift gears for just a moment and turn to a somewhat different matter. In 1986 Forway Industries was a subcontractor on a [REDACTED] contract [REDACTED] [REDACTED] is that right?

MR. ZINK: No.

MR. KERR: What was the nature of the relationship on that contract?

MR. ZINK: Forway's contract was with the BDM Corporation.

MR. KERR: BDM was the general, to your knowledge?

MR. ZINK: They were the prime.

MR. KERR: Prime contractor? They had the contract with the government?

MR. ZINK: That's my understanding, yes.

MR. KERR: Your contract ran with BDM.

MR. ZINK: Correct.

MR. KERR: Now, in terms of the Forway contract with BDM, did General Secord become involved in some fashion with that contract?

MR. ZINK: Yes.,

MR. KERR: When in time did he become involved?

MR. ZINK: General Secord was appraised [sic] of the requirements of the contract some time between May of '86 and November of '86. He took part in an actual transaction that

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took place in December of '86.

MR. KERR: Now, did CSF play a role in the transaction?

MR. ZINK: Yes, they did.

MR. KERR: Can you give me the essence of the role that CSF played?

MR. ZINK: They posted a letter of credit on behalf of Forway Industries due to Forway's inability to do the same thing.

MR. KERR: Now, with regard to General Secord, General Secord brought in yet another individual to assist in that contract, is that correct? One Emmanuel Wiegensberg, to be precise?

MR. ZINK: Yes.

MR. KERR: And Forway entered into a relationship of some kind with Mr. Wiegensberg, is that correct?

MR. ZINK: With Mr. Wiegensberg's firm.

MR. KERR: And with regard to which of Mr. Wiegensberg's many firms that might be, can you tell me which firm it was?

MR. ZINK: It was either Trans-World Arms or Parktown Products, something like that.

MR. KERR: With regard to General Secord, did General Secord receive any payment, to your knowledge, arising out of this transaction?

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MR. ZINK: Yes, he did.

MR. KERR: And how much was he paid?

MR. ZINK: \$32,000.

MR. KERR: And was that payment to him or to STTGI?

MR. ZINK: The \$32,000 payment was made to STTGI.

MR. KERR: Was Mr. Wiegensberg paid anything, to your knowledge, or his firm?

MR. ZINK: Yes. He was paid for the cost of the product being acquired as well as reimbursed for transportation-related costs--shipping, handling, licensing, etcetera.

MR. KERR: The amount of the payment to the Wiegensberg entity was what--approximately?

MR. ZINK: \$180,000.

MR. KERR: And then on top of the \$180,000, \$32,000 was paid to STTGI?

MR. ZINK: Correct.

MR. KERR: These payments were made approximately when?

MR. ZINK: Mid-December '86.

MR. KERR: To your knowledge, have there been any other payments made by Forway to General Secord or STTGI?

MR. ZINK: No.

MR. KERR: Have there been any further payments made to Mr. Wiegensberg's firm?

MR. ZINK: Yes.

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MR. KERR: Can you tell me approximately when in time that payment was made?

MR. ZINK: I'm comfortable with an amount of around \$44,000.

MR. KERR: Approximately when?

MR. ZINK: The timing I'm not real sure of, but had to be in the January-to-April time frame of '87.

MR. KERR: And by that time, January to April 1987, in terms of, any payment rights that General Secord or STTGI would have, had those payment rights been negotiated to take place in some other fashion other than the first transaction?

MR. ZINK: If STTGI or any other entity were to be involved in another such transaction, it was agreed by the parties that one payment would be made to Mr. Wiegensberg's organization, the disposition of funds to any other parties involved in the transaction would not be something that Forway would necessarily become involved with.

MR. KERR: Is there a continuing relationship between Forway and Mr. Wiegensberg's entity at present?

MR. ZINK: Not to my knowledge.

MR. KERR: Do you anticipate any such relationship in the future?

MR. ZINK: I don't know.

MR. KERR: Have you ever met Mr. Wiegensberg?

MR. ZINK: No.

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MR. KERR: Do you have any knowledge of when we might have Mr. Wiegensberg grace the United States once again?

MR. ZINK: No, I don't.

MR. KERR: Thank you. I think that does it, gentlemen. Many thanks, I appreciate it.

[Whereupon, at 7:15 p.m., the taking of the deposition in the above-entitled matter was concluded]

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I have read the foregoing 88 pages, which contain a correct transcript of the answers made by me to the questions therein recorded.

\_\_\_\_\_  
ALFRED C. CLARK

\_\_\_\_\_  
GREGORY L. ZINK

- - -

Subscribed and sworn to before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1987.

\_\_\_\_\_  
Notary public in and for:

My commission expires:

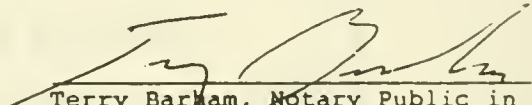
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## CERTIFICATE OF NOTARY REPORTER

I, Terry Barham, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing transcript was duly sworn by me; that the testimony of said witness was taken by me and thereafter reduced to typewriting by me or under my supervision; that said deposition transcript is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.

  
Terry Barham, Notary Public in  
and for the District of Columbia

My commission expires May 15, 1989.

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18 Jun 84

Clark/2004 SA. 1, 7/1/77

COPY

Clark Management Company  
Incorporated

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June 18, 1984

Mr. Jacobo Farber  
Forway Industries, Inc.  
122 Green Avenue  
Woodbury, NJ 08096

Dear Jake,

I greatly enjoyed myself at your extravaganza last night which was first-rate from start to finish. If how I felt this morning was an indication of how good the party was, I have not been to a better one in years.

I left Ruth's present with your secretary but forgot to leave the enclosed card.

I was delighted to be a part of your special occasion and I look forward to seeing you again in the near future.

With best regards.

Sincerely,

*AC*

Alfred Clark

Enclosure

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Declassified/Released on 26 JAN 88  
under provisions of E.O. 12355  
by R. Johnson, National Security Council

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## MEMORANDUM

TO : Dr. Jacobo Farber, Forway Industries  
 CC : Mr. Alfred Clark  
 FROM : Willard I. Zucker  
 RE : Richard V. Secord, STTGI

You may or may not recall that the day after the wedding Al Clark and I picked up Richard Secord at the Philadelphia Airport and brought him to Forway. Secord is a former airforce general who, during his military service, was responsible for the sale of American military equipment to many foreign countries as the representative of the United States Government and Military Forces. I believe him to be a knowledgeable and effective individual. He is now associated, for better or for worse, with Albert Hakim in a venture called Stanford Technology Trading Group International (STTGI). You have met Albert and you have formed your own assessment as to the degree to which he can be of possible help to Forway.

Richard Secord advises us that a decision has been made by the United States Government to initiate a program for the manufacture of spare parts for certain foreign military equipment. No one has specified the origin of this equipment but each person is free to speculate on its source of origin. Apparently, as was the case in Egypt, certain foreign countries in the past furnished large amounts of this equipment to countries who, at the time, were their allies or friends. The relationships having subsequently changed, the countries having this equipment are in no position to make use of it because of an absence of spare parts.

From what I understand, the United States Government has concluded that it would be more cost effective to effect a repair of this existent equipment than to furnish these countries with new equipment, and accordingly the US Government is prepared to commit funds to secure the manufacture of the necessary spare parts which it will then provide to certain countries it selects. According to Secord, he believes that he can get Forway in on the "ground

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- 2 -

floor" of this business and that it could represent a very, very substantial ongoing business for Forway. In fact, some of the numbers thrown around by Hakim run into amounts in excess of 100 million dollars to be appropriated by the Government for this activity.

We can also imagine certain other uses that the US Government may have for some of this equipment if it is repaired. At present there is one area of activity where the US Government is endeavoring to assist people resisting forces of the country which manufactured this equipment and where it is less embarrassing to equip the resistance forces with equipment manufactured by the other party than to introduce American equipment which could be found in the area. Whatever the reasons that the Government has for this program, it appears that if it does go ahead it is something that we should monitor very closely.

I think that it is important that you meet with Secord as soon as possible, first to form your own opinion of the man and second to get better informed as to what this program is, where it is to be administered, its aims and objectives.

A last point to be resolved is to design a method of compensation for Secord and his present employer which would be consistent with existing laws and regulations applicable in the United States with respect to the procurement of this type of equipment. Before any proposals are made, I would very much be interested to be party to the deliberations for I have years of experience in dealing with Albert Hakim who is involved in STTGI.

WIZ/amc

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MEMORANDUM

60586  
2, 7/6/87, TB

TO : Ron WADE  
Greg ZINK

FROM : Willard I. Zucker

RE : FORWAY

DATE : Monday 6 October 1986

CC : Alfred Clark  
Albert Hakim

---

- 1) Recap Co. to 1,800,000 shares of no par, or \$ 1.-- per value.
- 2) Cancel \$ 200,000 debt to Farber
  - (a) does this create income for book purposes ?  
Probably.
  - (b) Does this create taxable income ?
- 3) What is our NOL carryforward at 30/6/86 ?
- 4) Let's find appraiser for the building (small), and get approval from Harold Cohen that appraiser is satisfactory to them.
- 5) I propose that we treat for tax purposes the JF transaction as follows :
  - (a) Termination of employment contract - no tax incidence, no book incidence.
  - (b) Surrender of debt by Farber - see above.
  - (c) JF sold his shares for \$ 750,000
    - (i) Hakim and Secord will probably purchase 2/3rds of these shares for \$ 600,000.
    - (ii) Al will purchase 1/6th for \$ 75,000.
    - (iii) I will purchase 1/6th for \$ 75,000.

~~Partially Declassified/Released on 26/11/88~~  
~~under provisions of E.O. 12958~~  
by K. Johnson, National Security Council

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- 6) What will capital stock account be after cancellation of the debt to Farber of \$200,000 ?
- 7) We are tentatively moving to each contribute \$ 60,000 to capital to increase the capital stock account by \$ 180,000.
- 8) To appease the bank, we will propose a collateral arrangement for \$ 300,000 - no effect on Forway's books.
- 9) With the elimination of JF salary, etc. I look forward to :
- a) less bitching,
  - b) monthly shipments of not less than \$800,000 and preferably 1 million \$. You should be able to cut a minimum of 5,000 invoices per year at average of \$ 2,500 or \$ 12,5 million in sales,
  - c) a minimum of 25% Gross Profit Margin for 3,125,000 of Gross Profit,
  - d) GSA controlled to 1,125,000,
  - e) a before tax profit of 2 million.
- 10) At the earliest possible time, I wish to see back the funds which went to factor ineligible account receivables. This was taken for a specific purpose, and for short term and must be repaid.
- 11) Longer range - I think we can process 500 invoices per month (we have done this in the past) at \$2,500 or more average for a minimum sales volume of 15 million dollars.

If we can made a gross profit of 25 to 30%, that should give us 3,750,000 to 4,500,000 as gross profit.

Allowing GSA, including interest expense of 2 million - that should leave us with 1,750,000 to 2.5 million of before tax profit or 11.66% to 16.66% of sales.

Can we do it ?

WIZ/ac

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## FAX MEMORANDUM

To: Al Clark  
 From: Bill Zucker  
 Re: CBB FAX Memo of 6 March 1987  
 Date: 6 March 1987

Given existing circumstances and fact that I had to finance purchase of one third from fat man when the others were dropped for obvious reasons, I think it appropriate that you proceed to do what is requested in the above mentioned memo.

If you disagree, please let me know.

Other pending issue was described in fax relayed by you from RW. I do not wish to make an issue of it notwithstanding any commitments I have made to OBEF, nevertheless I am certain he can explain presence on grounds of training and that any differential can be handled in ways not to excite locals. For me the question is whether it is the introduction of a higher level of competence (an issue I am incompetent to decide) and someone eventually capable of making a contribution and perhaps even replacing KD. I find dismissal on basis of RW conversation with gentleman mentioned and based on very short exposure under fat man regime perhaps not sound.

I would appreciate it if you would discuss matter in depth and determine, if possible, real motivations and make the decision on basis of what you think best for operation.

Beginning to see a flicker of light at end of tunnel.

Originally Declassified/Released on 26 Jan 88  
 under provisions of E.O. 13526  
 by K Johnson, National Security Council

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6 MAR 28 1987  
 Clark/Zucker Ex. 3, 7/6/87, TS

6 MAR 87

Clark/Zinc Ex. 4, 7/6/87, T-1

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## FACSIMILE MEMORANDUM

March 6, 1987

TO: Mr. Zucker  
 FROM: Craig B. Dright  
 SUBJECT: First Pennsylvania Bank, N.A.

Greg Zinc informs me that the First Pennsylvania Bank, N.A. has been pressing him daily to post the additional \$200,000 in collateral they have been promised. If it is not forthcoming promptly, they threaten to discontinue relations with Zinc's company. Not having received it from you they propose to demand it from Alfred.

Please get in touch with Devault and straighten it out.

With best regards,

*C.B.B.*  
 C.B.B.

bc: Mr. Alfred C. Clark

~~Partially Declassified/Released on~~ 26 JAN 88  
 under provisions of E.O. 12958  
 by K. Johnson, National Security Council

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MEMORANDUM

Faint, illegible text in the main body of the document, possibly containing a memorandum or report.

FOR THE DIRECTOR

11/11/41

(2)

STENOGRAPHIC MINUTES  
 Unrevised and Unedited  
 Not for Quotation or  
 Duplication

MINITS 0065 /87

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DEPOSITION OF GEORGE CLARKE

Wednesday, June 3, 1987

U.S. House of Representatives,  
 Select Committee to Investigate Covert  
 Arms Transactions with Iran,  
 Washington, D.C.

**Committee Hearings**  
 of the  
**U.S. HOUSE OF REPRESENTATIVES**



4011

Partially Declassified/Released on 12-18-87  
 under provisions of E.O. 12356  
 by N. Menan, National Security Council

OFFICE OF THE CLERK  
 Office of Official Reporters

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## DEPOSITION OF GEORGE CLARKE

Wednesday, June 3, 1987

U.S. House of Representatives,  
Select Committee to Investigate Covert  
Arms Transactions with Iran,  
Washington, D.C.

The deposition convened at 1:00 p.m., in Room 2226,  
Rayburn House Office Building.

Present: Pat Carome and Bruce Fein, Staff Counsels,  
House Select Committee to Investigate Covert Arms Transac-  
tions with Iran.

Also present: Rhonda M. Hughes, Legislative Counsel,  
Office of Congressional Affairs, Central Intelligence Agency.

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1 MR. CAROME: Good afternoon. Sorry for the slight  
2 delay in getting underway.

3 For the record, I am Pat Carome, Staff Counsel for  
4 the House Select Committee to Investigate Covert Arms  
5 Transactions with Iran.

6 Also present is another attorney on our committee,  
7 Bruce Fein.

8 The CIA has been provided with a copy of our  
9 committee's rules and its regulations and I have given you  
10 another copy now.

11 I just want that to be on the record.

12 The mandate of the House Committee is to investi-  
13 gate the circumstances surrounding primarily the Iran affair,  
14 but also the United States' involvement with the contras,  
15 and this deposition is being conducted pursuant to the rules  
16 that I have just referred to.

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## EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. CAROME:

1  
2  
3 Q Could you at the outset very briefly tell me a  
4 little bit about your background, your schooling, and the  
5 positions that you have held at the Agency.

6 A I received a BA and JD from University of Iowa  
7 in 1965-1968. I spent six years on active duty with the  
8 Army JAG Corps, served in Vietnam.

9 When I got out of the Army, I came to the Office  
10 of General Counsel as an attorney.

11 Q What year was that?

12 A That was 1974.

13 Prior to coming to the Agency, I spent my last  
14 year in the Army as an instructor at the Army's JAG School.  
15 I have been with the agency in the General Counsel's Office  
16 since 1974 except for one year in which I served as a  
17 Special Assistant to the Deputy Director in -- from 1976  
18 to 1977.

19 Q And what positions have you held in the Office of  
20 General Counsel? If you could just give us the position.

21 A Other than as a line attorney, I have since become  
22 the Associate Deputy General Counsel for Litigation in  
23 Intelligence Community Affairs.

24 Q When did you take that position?

25 A Oh, it must have been about a year or two ago.

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1 Q What was your position in the fall of 1985?

2 A At that time, I believe I was Associate General  
3 Counsel for Litigation in Intelligence Community Affairs.

4 We have since had a reorganization, the title has  
5 changed, but basically, my responsibilities have been the  
6 same for about the last three years or so.

7 Q And what were your basic responsibilities in the  
8 position you held again during the time period November 1985  
9 through February 1986?

10 A Well, I supervised litigation, I supervised our  
11 dealings with other members of the intelligence community  
12 on legal issues, and I provided advice to the General Counsel  
13 on covert action matters and I reviewed the work of the  
14 at that time Counsel to the Director of Operations who is  
15 now the Associate General Counsel for the Director of  
16 Operations.

17 Q What is his name?

18 A Well, the current Associate General Counsel is  
19 George Jamison. The individual at the time was Murray  
20 Myerfeld.

21 Q It was Mr. Myerfeld's work you were reviewing?

22 A Yes.

23 Q Is it correct that you were the attorney at the  
24 Office of General Counsel who was most responsible for legal  
25 advice on covert action matters as a norm?

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1           A     I have to qualify that. I gave advice to the  
2     General Counsel directly. The Associate General Counsel for  
3     the Director of Operations, at that time he was commonly  
4     called the Counsel for the Director of Operations, Deputy  
5     Director of Operations, was responsible for the day-to-day  
6     advice on covert action matters and keeping abreast of what  
7     was happening in the various programs.

8           But whenever new proposals came up or anything  
9     that came up the sort of chain of command required the  
10    General Counsel's approval, concurrence or signature, I  
11    would review it.

12          Q     So that you would routinely be involved in the  
13    legal advice provided with respect to new covert action  
14    findings; is that right?

15          A     Yes.

16          Q     And you would be the senior attorney providing  
17    that type of advice; is that right?

18          A     Certainly one of them. The counsel to the DO  
19    was also an attorney who provided advice.

20          He often would participate in the drafting of  
21    findings or related documents, but when it came over to the  
22    General Counsel for his final review and approval, I would  
23    review it.

24          Q     Turning to the November 1985 time frame, am I  
25    correct that there came a time in late November 1985 when

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1 you become aware that a new covert action finding was being  
2 drafted?

3 A I can't be entirely sure of the time as November  
4 of 1985. I do recall late in the year 1985 there was an  
5 occasion in which I was called into the General Counsel's  
6 Office to review a proposed finding.

7 I recall it happened early one morning, and I  
8 have previously described this to you when you and Neil  
9 Eggleston interviewed me.

10 Q Yes, and as I understand it, correct me if I am  
11 wrong, the day prior to that, there was a meeting which a  
12 number of other people have suggested that you attended.  
13 I am wondering if you could tell me your recollection of what  
14 happened on the day preceding the morning where you looked  
15 over the finding.

16 A I can't be entirely certain that it was the  
17 day before, because I am not sure whether the day which  
18 I was called into the General Counsel's Office was a Monday  
19 or not. It may have been Monday, in which case the previous  
20 day that I recollected would have been a Friday.

21 But there was a sequence of events in which two  
22 individuals from headquarters, I don't really know their  
23 names, I do believe they were from the Director of  
24 Operations, came over to brief the General Counsel, and the  
25 Deputy General Counsel on a matter that had to do with the

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1 shipment of some arms to a third country overseas.

2 Q When did you learn that is what these people  
3 were coming over to brief those two lawyers on?

4 A I cannot be entirely certain at this point  
5 whether I knew that specifically before they came over to  
6 get the briefing or whether I learned it afterwards.

7 Q When you say when you learned it afterwards,  
8 how much longer afterwards?

9 A It would have been within a matter of a day or  
10 two after that period of time. So I mean I can't be entirely  
11 certain whether at the time they came over I knew what it was  
12 fore.

13 I do recall that it was they were to debrief the  
14 Deputy Counsel and Deputy General Counsel on a sensitive  
15 project or a sensitive matter, and my recollection is that  
16 I was specifically asked not to attend because it was con-  
17 sidered too sensitive.

18 Q Who asked you not to attend?

19 A It was either Stan Sporkin or Ed Dietel. I am  
20 not certain which one.

21 Q What time of day was it you recall being asked  
22 not to attend?

23 A It was late in the day, probably between five  
24 and six or somewhere thereabouts. Since I was not asked to  
25 attend, my recollection is I left for the day. It was very

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1 shortly after that day, it was either the following day or  
2 the next day that I came into the office that I was asked to  
3 come over to the General Counsel's Office and review a  
4 document that he was ready to take over to headquarters.

5 I recall doing that, I recall looking at a one-  
6 page document. My recollection is that it was a proposed  
7 finding.

8 I don't recall any of the details of what was on  
9 the piece of paper, but I can say that I specifically do not  
10 recall there being any paragraph or sentence in the proposed  
11 finding that purported to give retroactive effect to the  
12 finding.

13 I know that has come up subsequently as an issue, and  
14 in fact the document that they subsequently found in the  
15 office contained such a statement.

16 I don't recall that. I don't ever recall seeing  
17 that until I saw the document when it was found back in, I  
18 think it was December of 1986.

19 [Brief recess.]

20 MR. CAROME: Could you read back the last question  
21 and answer?

22 [Whereupon, the record was read by the reporter.]

23 BY MR. CAROME:

24 Q If I can go back to this evening before you looked  
25 at the finding, proposed finding, other information seems to

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1 suggest that the morning you looked at the finding was  
2 probably Tuesday, November 26, and that -- so the evening  
3 before would have been Monday, November 25.

4 Is your recollection contrary to that, or would  
5 that be consistent with your recollection? I realize  
6 you may be having a difficult time placing the precise date.

7 A I really couldn't say. I did not make any con-  
8 temporaneous memorandum for the record of the incident because  
9 at that time that particular series of events wasn't par-  
10 ticularly out of the ordinary.

11 I mean there was no reason for me to make any  
12 record of it at the time, so I mean -- if you have an  
13 indication that there was a -- if you have an indication from  
14 other sources that people came over on the evening of the --  
15 whatever you say the Monday was. The 25th --

16 Q Yes.

17 A -- and that there was another meeting at Stan's  
18 office on the 26th, I don't have any basis to indicate that  
19 that is wrong.

20 Q And what did you do when you were told that,  
21 not to attend the briefing, from the people at the DO and  
22 that the matter was too sensitive for you to be involved in?  
23 What did you do next?

24 A I didn't attend. My recollection is I went home.

25 Q The following morning, what time is it that you

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1 recall the meeting in Mr. Sporkin's office?

2 A You know, my recollection is it was somewhere  
3 shortly before 9:00 o'clock. I can't be certain of that.

4 He was -- it seemed like, my recollection is he was  
5 in a hurry to go over to headquarters, and I was called to  
6 come up to his office, this piece of paper was handed to me,  
7 I looked at it. I don't recall having any particular reac-  
8 tion to it, and I certainly didn't have any discussion of it  
9 with him, with Stan Sporkin.

10 Q Were there other attorneys present or anyone  
11 else present at that time?

12 A My recollection is Mike Makowka was present.  
13 I don't recall if Ed Dietel was present or not.

14 Q He may have been present?

15 A He may have been.

16 MR. CAROME: Could this be marked Exhibit 1,  
17 please?

18 [The document marked GC Exhibit No. 1 follows:]

19 \* \* \* \* \* COMMITTEE INSERT \* \* \* \* \*

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BY MR. CAROME:

1  
2 Q I show you a document that has been marked as  
3 Exhibit 1 and ask you if you have ever seen that document  
4 before.

5 A I can't say that I have ever seen this specific  
6 version that you have handed to me. I have seen a version  
7 of it that appears to be identical. This appears to be the  
8 document that was found by our office in, I think December  
9 of 1986, as we tried -- as the office tried to reconstruct  
10 the events surrounding this whole incident or episode.

11 Q Is it possible that that is the document that  
12 was shown to you on the Monday morning in Mr. Sporkin's  
13 office?

14 A Yes, it is possible. It is possible.

15 Q Does the content of that document mesh with your  
16 recollection of what it was that you were looking at?

17 A I can't say. I simply can't say.

18 Q I show you what has been marked as Exhibit 2,  
19 a document that is stamped "Draft" at the top and appears to  
20 be a draft, a covert action finding, and I ask you the same  
21 question: Does this appear to be the document that you  
22 looked at on the morning we are speaking about in General  
23 Counsel Sporkin's office?

24 A It certainly would be more likely that this would  
25 be the kind of document because it is typed up in the format

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1 of a proposed finding.

2 I simply cannot tell you whether or not this is the  
3 version of the proposed finding that I saw that morning in  
4 Stan's office.

5 Q I believe the last paragraph --

6 A Is a little different.

7 Q And the last paragraph of Exhibit 2 includes  
8 reference to ratification of previous acts. Does that  
9 indicate to you that this is not the document that you looked  
10 at?

11 A Well, Exhibit 1 that you showed me talks  
12 specifically about ratifying all actions taken by the  
13 U.S. Government officials in furtherance of this effort.

14 The Exhibit 2 document basically says the same  
15 thing, it is just worded a little bit differently. I don't  
16 recall ever seeing that language until I saw this document  
17 in December -- or saw a document similar to this in  
18 December of 1986 when Bernie Makowka searched through his  
19 files and finally came up with a Mag card, which is a word  
20 processing document that was used to produce this.

21 To my understanding, there is no hard copy of  
22 this document in existence in our office.

23 Q To the best of your recollection, the proposed  
24 finding you looked at didn't include the ratification  
25 language; is that correct?

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1           A     I do not recall having this kind of  
2     ratification language.

3           Q     Do you recall whether the document you looked  
4     at back in November 1985 referred to munitions or missiles?

5           A     I certainly have a recollection it dealt with  
6     hostage rescue. The documents that are in front of me talk  
7     about being authorized to provide material and munitions.

8           Q     I don't have a recollection now, I don't recall  
9     now that I knew that then, that I can remember then. But  
10    I do remember it dealt with hostage rescue.

11          Q     Do you remember any reference to Iran in the  
12    document you looked at?

13          A     I can't really say. It probably dealt with Iran.  
14    I probably would have seen that at the time that it dealt  
15    with Iran, but I can't remember it.

16          Q     Do you recall whether it mentioned Israel?

17          A     I do not recall it mentioned Israel. This draft  
18    you have given me does not mention Israel.

19          Q     Do you recall whether or not again it mentioned  
20    arms of any sort or munitions or missiles?

21          A     I can't recall. I do know that during the time  
22    period December to January, the subject of Israel came up,  
23    and that is reflected in the previous statements I gave to  
24    you. It is reflected in at least one memo for the record I  
25    wrote at the time.

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1 Q Who did you understand to have been the drafter  
2 of the document you looked at that morning in Sporkin's  
3 office?

4 A I guess I understood that it was Bernie Makowka,  
5 although I can't recall whether I knew that at that time or  
6 I was advised of that or informed of that at a later time.

7 Q What was said by anyone at that meeting when you  
8 were looking at the proposed finding?

9 A I don't recall anything specifically. I think the  
10 purpose of it was Stan wanted me to take a look at it to  
11 see if I saw anything obviously wrong with it that would be a  
12 problem. That is my recollection what the purpose was of  
13 calling me up.

14 He often wanted to get my advice on things, and the  
15 sort of time return we were in was not conducive to giving  
16 the matter very good consideration because he was in a hurry  
17 to go over to headquarters.

18 I certainly would have to say that my  
19 participation at that point, for the five minutes or less I  
20 was there, was certainly pro forma.

21 My recollection now is I wasn't given an  
22 opportunity to really consider the document very carefully  
23 or seriously.

24 Q Do you recall --

25 A There may have been reasons for that.

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1 [Discussion off the record.]

2 [Brief recess.]

3 BY MR. CAROME:

4 Q Just so that it is clear, Mr. Clarke, you have a  
5 firm recollection that you did not attend a meeting that  
6 immediately followed a briefing of Mr. Sporkin and Mr. Dietel  
7 by DO personnel on flights that had taken place in support  
8 of moving arms to Iran; is that correct?

9 A I don't have any recollection of that. If you  
10 have any information from anyone else that indicates that I  
11 was at such a meeting, if you could give me that information,  
12 it may refresh my recollection.

13 I don't have any recollection of being at a  
14 meeting following this briefing that Sporkin and Dietel got.

15 Q As I understand it, at various points, Mr. Makowka  
16 and Mr. Dietel, and I am not sure, but I believe also Mr.  
17 Sporkin, have a recollection that you attended such a  
18 meeting.

19 I gather that your recollection is different  
20 from that; is that right?

21 A It certainly is. I don't recall being at a  
22 meeting immediately following this briefing that I was given.

23 Q And your first recollection of any talk about this  
24 finding that seems to be embodied at least in idea form in  
25 Exhibits 1 and 2 is a morning meeting with Mr. Sporkin at

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1 which a draft finding had already been prepared.

2 Is that right?


3 A Well, as I said, as I previously said, I cannot be  
4 actually certain at this point in time that this is what  
5 the meeting in Sporkin's office was about.

6 I cannot be certain that it was about this finding.  
7 As I previously mentioned to you, there was at least one  
8 other finding that my recollection is Makowka was involved  
9 in working on.

10 It was a proposed finding on the subject of  
11 hostage rescue or counterterrorism generally. I don't have  
12 a recollection as to which of the two it was.

13 Q But you do have a recollection of being in a  
14 meeting one morning in which a proposed finding was dis-  
15 cussed; is that right?

16 A Yes, a proposed finding was shown to me and my  
17 recollection is the purposes were what do you think, do you  
18 see any problems?

19 Whether it was this finding or some other  
20 finding 

21 I don't recall.  
  


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Q And you saw a draft finding on that subject as well?

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A I think it is likely that I did. Whether or not I saw that before this particular meeting you are referring to or whether or not that was the finding that was discussed at this particular meeting, I can't remember.

14

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17

This thing was not -- the development of this paper that you have got in front of you that you have given me, Exhibit 2, was not something that I participated in drafting. I would remember that if I did.

18

19

Q But you do recall looking at a finding that dealt

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21

22

A Yes.

But I do not recall any of the details that is in this document marked Exhibit 2.

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Q Do you recall whether or not the draft finding you looked at on that morning contained alternative paragraphs about whether or not Congress ought to be notified?

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1 A I don't recall reading any alternative paragraphs.

2 Q Do you recall any discussion at that meeting on  
3 the subject of notification of Congress?

4 A No, but it is entirely possible that -- and  
5 indeed even likely if we discussed it -- there would have  
6 been such discussion, but I can't say because I don't recall  
7 much discussion at that meeting. I recall it being very  
8 brief.

9 Q You say that you would have recalled seeing a  
10 paragraph on retroactiveness of a finding because that  
11 would have been something that would have jumped out at you;  
12 is that right? That would have been unusual?

13 A I certainly think that I would recall it if I had  
14 seen it at the time, because we -- to my recollection, we  
15 had not ever used that concept before in all the experience  
16 I have had with ~~retroactive~~ findings.  
17 Indeed, I don't recall any instances where there  
18 would have ever been a need to ratify something that had  
19 been done, because the normal practice was to get -- is to  
20 get findings before you do things.

21 Indeed, it is my opinion that the law requires  
22 you to get a finding for CIA to do the kinds of things that  
23 are covered by the House Iranian amendment.

24 Q And that it be done in advance of the activity?

25 A That is right. An attorney who works for me has

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1 written two subsequent opinions on the subject.

2 Q Which attorney is that?

3 A One who is no longer with the office [REDACTED]

4 [REDACTED]

5 Q And since November 1985 or so, he has written  
6 two opinions?

7 A Yes. He wrote them at my direction.

8 Q And the conclusion of those opinions was what?

9 A That absent -- in the absence of a finding, we  
10 do not have authority to do the kinds of activities that  
11 require a finding and that a ratification, a so-called  
12 ratification is not sufficient to cure the requirement  
13 in the statute which requires the President to make a find-  
14 ing in advance of CIA activity.

15 The statute reads, "Unless and until the  
16 President finds," so the statute reads we may not expend  
17 funds unless and until the President finds that our activi-  
18 ties are important to the national security.

19 Q Did you ever have an opportunity and did you ever  
20 discuss with Mr. Sporkin what he was trying to do by includ-  
21 ing the ratification clause in the November finding?

22 A After this document surfaced and I became aware  
23 of it, and I recall I became aware of it in December 1986,  
24 I had at least one meeting with Stan at which this could  
25 have been discussed. I had at least one phone conversation

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1 in which you think it was likely we discussed it, yes,  
2 and there was discussion of what was intended to be  
3 accomplished.

4 Q What did Mr. Sporkin say about what was intended  
5 to be accomplished?

6 A My recollection is he said what we were trying  
7 to accomplish by that was to really just get the President's  
8 approval for what had been done or to get his acceptance  
9 of any actions that had been taken prior to the formal sign-  
10 ing of the finding.

11 MR. CAROME: Off the record a second.

12 [Discussion off the record.]

13 BY MR. CAROME:

14 Q Did there ever come a time when you knew that  
15 the find<sup>ing</sup> the draft finding you had looked at at the  
16 morning meeting we have been discussing, whether or not that  
17 finding was ever signed.

18 A When this thing got going in November and  
19 December of 1986 and they found this document, I was  
20 present at meetings at which Bernie Makowka acknowledged that  
21 he helped draft the finding or had some association with  
22 the drafting of it at which he said that it had been --  
23 that he had received word from Oliver North that the finding  
24 had been signed and that by this Bernie took it to mean this  
25 particular finding that he, Bernie, had worked on because

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1 that was the only one Bernie had ever discussed with him or  
2 had ever had any dealings with Oliver North on.

3 According to Bernie Makowka, he said Ollie North  
4 said yes, the findings were signed and it is in my safe in  
5 case anything happens to me or something to that effect.

6 Q As of any time in late 1985 or early 1986, did you  
7 have any indication from anyone that the finding you had  
8 looked at had been signed?

9 A In early 1986, I became aware that a finding had  
10 been signed. I don't know, I do not know, I certainly didn't  
11 know then, what the finding was.

12 I heard about it in the office from either Stan  
13 or someone else, and since I generally had some responsibil-  
14 ity for reviewing these kinds of matters and knowing what  
15 was going on from a legal standpoint, I urged, certainly  
16 urged Ed Dietel, and I may have urged Stan, to get a copy of  
17 the findings so we could see what was intended to be  
18 authorized.

19 Q And did you understand that finding to involve  
20 support for arms shipments to Iran?

21 A I think so. I think so. I knew there was a find-  
22 ing that authorized us to, I believe, ship arms in order to  
23 help get some hostages released.

24 I was concerned because it is hard to give advice  
25 on what they are supposed to be doing unless we see the

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1 underlying documents that covers the authority.

2 Q If we could go back to November 1985, after the  
3 session when you were shown a draft finding, was there any  
4 further discussion at all that you were a part of about the  
5 draft you had looked at?

6 A Not that I recall.

7 Q Do you recall a few days after you looked at the  
8 draft finding that Ed Dietel said something to you about  
9 the fact that there may have been some CIA involvement on  
10 the matter that the finding related to?

11 A Well, my recollection is that during that time  
12 period, there was some general discussion about [REDACTED]  
13 [REDACTED] what we could do to help get the hostages out, and  
14 at some point in that period in late November through  
15 December to early January of 1986, the subject came up of  
16 shipping missiles.

17 I believe missiles to Iran.

18 And at one point, it was missiles that Israel had  
19 that would go to Iran. And there was -- I asked -- there  
20 was discussion I had with Ed Dietel about his office and he  
21 said to me they have already shipped some or some have already  
22 been shipped.

23 Q Do you know when that discussion took place?

24 A I can't say whether the discussion was in December.  
25 My guess is that it would probably be in December, sometime

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1 in December 1985.

2 Q Do you recall whether it was early or late  
3 December?

4 A I can't recall.

5 Q Do you have any recollection about a flight by  
6 a CIA Proprietary Airline to Iran in early November, prior  
7 to the shipment of HAWKS in late November?

8 A All I know about that is what I have subsequently  
9 read in the Tower Commission report, papers, subsequent  
10 internal chronologies that have been produced at the agency.  
11 I didn't have any knowledge of that at the time.

12 Q No knowledge of a Proprietary flight? It might  
13 have been unrelated to arms shipments from Israel, but --



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25 My recollection is that it was

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1 disapproved.

2           There was some discussion of it. Murray Myerfeld,  
3 I believe, was involved in that and it was not approved.  
4 I don't recall, but that -- I think that was earlier than  
5 November.

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THOMAS  
Take 2  
2:00 p.m. 1

## EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

jm 1

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BY MR. CAROME:

3

Q Earlier than November 1985?

4

A Yes, I don't recall anything about a shipment of  
HAWKS or TOWS from Israel to Tehran in November 1985.

5

6

I never was aware of that until subsequent events.

7

Q On this [REDACTED] were

8

you involved in the legal advice being given on that subject?

9

A Well, I can't recall at this point. I found out

10

about it at the time, I think, Ernie Myerfeld called me and

11

discussed it with me. [REDACTED]

12

13

14

my recollection is it was not approved.

15

Q Do you know why it was not approved?

16

A I don't recall.

17

Q Do you know why it was that Mr. Makowka was

18

tasked to draft that finding in late November rather than

19

you?

20

A No, I do not.

21

Q Have you ever spoken about that with Mr. Madkowka?

22

A I don't really think I have. I don't think so.

23

Q Have you ever spoken about it with Mr. Sporkin?

24

A No, I don't think so.

25

Q Is it correct, that in late 1985 and early 1986,

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1 Mr. Sporkin was asking you if there were any legal restrictions  
2 on transfers of arms to foreign countries?

3 A Yes, that subject came up.

4 Q Do you remember when it first came up?

5 A Well, we had an occasion to locate it in connection  
6 with [REDACTED]

7 Q Do you recall when it specifically came up, when  
8 the recipient country for the arms was to be Iran?

9 A I really couldn't pin it down other than to say it  
10 was probably some time in late December or early January.  
11 You have got -- I know the committee has got a copy of a  
12 document which an attorney who worked for me prepared 6,  
13 January 1986, in which this issue is discussed.

14 Q I want to get to that. I am trying to pin down if  
15 there were any discussions prior to that January 6 memo?

16 A I think there probably were. I can't recall  
17 specifically, but my guess is there probably were.

18 Q And what type of transactions did you understand  
19 was being contemplated at that point?

20 A Well, I can't say exactly when I got the information  
21 but my recollection is that some time in this period the  
22 first time this sort of thing was approached to me, I dis-  
23 tinctly recall it being that they were going to be some  
24 missiles that were going to be provided to Iran. They would  
25 be provided from Israel and that the Israeli stock of these

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1 particular missiles which were TOWS, would then be  
2 replenished with some newer stock, newer DOD, either new  
3 model or more recently produced models, more recent versions  
4 of the same model.

5 Q Who told you that?

6 A Well, I can't say specifically. I think it would  
7 have been in some meeting or discussion I had when Stan was  
8 present, Stan Sporkin was present at.

9 Q And as best you can figure, that is probably some  
10 time in late December that that discussion took place?

11 A Late December or very early January of 1986.

12 Q During that very first or very initial discussion  
13 or discussions, was there any discussion at that point  
14 about whether or not these contemplated transactions would be  
15 reported to Congress, to your knowledge?

16 A I don't recall specifically when that subject  
17 was discussed. I think I can say it is likely it was  
18 discussed because we, the attorneys who were looking at this,  
19 were concerned about the applicability of several statutes  
20 that applied to weapons that had already been provided  
21 to a third country or to Israel under the foreign assistance  
22 act, or other applicable statutes. And the reason that this  
23 thing sticks out in my mind as being unusual is that I  
24 don't recall we ever, CIA, ever can be involved in covert  
25 weapons actions, transfers that involved taking countries

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1 existing stock of weapons that were supplied or provided  
2 under the foreign assistance act and sending those over and  
3 then giving them a newer model or of the same model.

4 Q One problem---

5 A My recollection is that we advised Stan, we were  
6 running into some problems here, if this is the way somebody  
7 wants to do something, because we have the other statutes  
8 that seem to apply.

9 Q What was the problem with the other statutes?

10 A Other statutes seemed to require specific approvals  
11 by the President and specific reporting requirements to  
12 Congress which we don't, CIA doesn't normally deal with.  
13 Those are things that DOD normally deals with.

14 Q Was it your understanding at that point this  
15 was a transaction or group of transactions that Mr. Sporkin  
16 did not want to have reported to Congress?

17 A I wouldn't say that it was something Mr. Sporkin  
18 didn't want to have reported to Congress. I would say it  
19 was something that raised a question, by recollection is  
20 the sensitivity of what was under discussion. You have to  
21 understand as this thing developed from December into January,  
22 we the attorneys who were working on this, and attorneys  
23 who worked for me, were only given bits and pieces of  
24 information. We don't have anything called a big picture.  
25 We were told to look at some statutes, to what statutes

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1 applied to arms transfers to third countries and so on,  
2 and so forth, and it was only as the thing developed that I  
3 got more and more information that Iran was involved  
4 and Israel was involved, and those words came up, those  
5 countries came up.

6 But I don't recall anything that Stan Sporkin said that  
7 indicated that he personally didn't want there to  
8 be any reporting.

9 Q Do you recall that at least, perhaps, Director  
10 Casey may not have wanted there to be reporting of this?

11 A Well, I don't recall that specifically. I will  
12 say that whenever we considered covert actions programs and  
13 matters, we have always maintained that in certain sensitive  
14 kinds of situations the President has the prerogative to  
15 withhold notification from Congress. I was present and  
16 I was involved in drafting of, and the consideration on the  
17 agency's part of the oversight provisions that are now in  
18 the National Security Act, and I know that to be the case  
19 because I was working for Dan Silver who was the Administration  
20 sort of point man on that legislation at the time it was  
21 drafted, and it was very clear to everyone who was involved  
22 in drafting that that the Executive Branch was making a  
23 claim that in appropriate circumstances the President could  
24 withhold notification to Congress.

25 So when these covert actions matters get considered, our  
clients at the agency, the Director, and the DDO, also, we

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1 always usually consider or at least they usually considered  
2 whether or not this is so sensitive that notification should  
3 be withheld from Congress, and that gets considered ultimately  
4 is the call that has to be made by the White House.

5 We at least consider it initially.

6 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

7 BY MR. FEIN:

8 Q Could I interject one point.

9 Isn't the discussion not whether to inform Congress  
10 but whether it shall be prior informing before the activity  
11 concludes?

12 A That is correct.

13 Q Or when the informing will occur after the  
14 project is completed, and it is rather misleading to ask  
15 the question about whether or not there will be contemplation  
16 of informing Congress or not when really the question is  
17 one of timing, not whether or not it will be done?

18 A That is absolutely right. The issue is at what  
19 point the notification will be made. Generally, the  
20 notification is made prior because we notify significant  
21 anticipated intelligence activities which by statutes  
22 covert actions are.

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jm 7

1 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

2 BY MR. CAROME:

3 Q I don't intend to try to debate here at all the  
4 law surrounding when notification shall be given; I am  
5 trying to get at the facts.

6 A Sure. The discussion is my recollection we have  
7 never discussed the permanent withholding of notification  
8 of Congress, it is always, whenever there is discussion of when  
9 the notification will be made, the issue is when you are going  
10 make it, before the activity <sup>is</sup> underway or after the activity  
11 has been safely accomplished?

12 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

13 BY MR. FEIN:

14 Q Just ~~as~~ a one modest amplification then of your  
15 statement. It would be true then, Mr. Clarke, that you  
16 in your experience at the agency had never encountered  
17 discussions about withholding permanently special  
18 activities from Congress, there was no sense that the agency  
19 would do these things in an under-a-cloak that would vanish  
20 into the black hole of history?

21 A Well, there was never any serious discussion in  
22 connection with any covert action proposal, that I have  
23 been aware of, of permanently withholding of notification.

24 There has been on occasion some theoretical discussion,  
25 amongst some attorneys in our office, as to when timely

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jm 8

1 notification under 5019B) might in some theoretical and  
2 unusual circumstance permit extended withholding of  
3 notification. That has never been a practical consideration  
4 in any covert action program that I have been aware of.

5 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

6 BY MR. CAROME:

7 Q Mark this 3.

8 (The following document was marked as Exhibit GC-3  
9 for identification:)

10 COMMITTEE INSERT

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Q You mentioned before, as initially described to you, the transaction was to involve the shipment of TOW missiles from Israel and the sending of newer TOW missiles from the United States to Israel; is that correct?

A That is my recollection of sort of a general proposal that was being made.

Q Was there any discussion on the shipment of HAWK missiles that you recall?

A No, the first time I have heard of HAWK missiles being involved in this was in the November or December 1986 time frame. At the time the only thing I ever heard was TOW missiles.

Q Did you ever gave a sense that the objective of this transaction was to upgrade the Israeli stock?

A At one point in time, I can't say how accurate my recollection is, but at one point in time, I recall being concerned that the sole objective of what was being proposed you have to understand, the attorneys working for me were not being given facts, we were being told to consider this, consider that. I recall being concerned at one point in time because I thought the whole purpose of what was being proposed was to upgrade Israeli stock of TOW missiles to get rid of some older stock that might only have 50 percent fire rate and get newer ones in; that sort of bothered me.

Q Why did that bother you?

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jm 10

1 A It didn't sound like the kind of thing we would  
2 traditionally do as a covert action program.

3 Q Why not?

4 A Well, I am not sure what the foreign policy  
5 objective is behind that and why it would be important to  
6 the national security that CIA do that sort of thing  
7 covertly when it could be done in a covert way through  
8 the foreign assistance act.

9 Q Was that concern at all part of the reason that you  
10 asked one of your attorneys to look into the implications  
11 of transfers under the arms export control laws?

12 A It could have been. I have to say I don't really  
13 recall specifically why Betty Ann Smith was asked to do the  
14 memo she did on 6 January, other than that we were  
15 considering these kinds of issues.

16 Q Let me just hand you, Mr. Clarke, what has been  
17 marked as Exhibit 3. I believe this is Betty Ann Smith's  
18 memo that you are referring to; does that seem to be  
19 what that is?

20 A Yes.

21 Q And am I right that you asked Betty Ann Smith to  
22 prepare this memorandum at some point?

23 A If I didn't ask her personally -- I mean it was  
24 I told her that General Counsel asked us to look into this.

25 I don't recall specifically what was said to her.

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jm 11

1 Q Do you recall when it was that that would have  
2 been requested?

3 A It would have been very early in January of 1986  
4 although we had asked her, I had asked her at some point  
5 previously within the previous year to do some general  
6 research into the statutes applicable to arms transfers  
7 so we could have a more comprehensive understanding of the  
8 whole landscape, so to speak.

9 She did some research in that area. But my recollection  
10 is that this one specifically was probably, I probably asked  
11 her to do it in late December or early January.

12 Q Was this memorandum prepared with an eye toward  
13 the contemplated transaction of sending arms to Iran?

14 A You have to understand at the time she was asked  
15 to prepare this, my recollection is neither I nor certainly  
16 not Betty Ann Smith had any of the details as to what was  
17 being proposed and what specifically was under consideration.  
18 That only "let's take a look at statutes that are applicable  
19 to arms transfers" and it could have been specifically  
20 because my initial impression was that there was going to be  
21 a sort of rotating of third country's stock of some TOW  
22 missiles, specifically Israelis, and we had to look into that  
23 to see if there was any problems.

24 Q The document starts out with a reference to  
25 a question that has arisen under what circumstance recipients

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jm 12

1 of U.S. foreign military assistance can transfer  
2 military equipment provided through the foreign assistance  
3 act to a third country. Do you know if the third country  
4 being referred to there is Iran?

5 A Well, certainly I think it is logical to assume  
6 in light of subsequent events that that must have been the  
7 country. Whether or not we or I specifically knew that at  
8 the time this was prepared, I can't say at this point.

9 At some point I became aware that we were talking  
10 about Iran because the memo that I wrote for the record  
11 on January 15 specifically indicated that we had been  
12 considering transferring stuff to Iran. At some point  
13 my knowledge of the thing increased.

14 Q Do you know why this memorandum was not signed?

15 A I don't know. I thought about that. I don't  
16 really know. It might have been, it could have been one  
17 explanation is that it could have been that she didn't  
18 sign it because it had not been firmly reviewed by me.

19 Usually we don't sign things and put them in final until  
20 the senior attorney who has asked for it, has had a chance to  
21 review it to make sure all appropriate points are covered.  
22 That would be the reason.

23 Maybe Betty Ann Smith would know why she didn't sign  
24 it.

25 Q Do you recall reviewing that memorandum in around

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jm 13

1 January 6.

2 A I recall seeing it. I don't recall to what  
3 extent I reviewed it or asked her to do either more research  
4 or to change anything. I don't recall that.

5 Q Around this point in time, perhaps even a few days  
6 earlier than January 6, it appears that two other CIA  
7 attorneys, Mr. Ros<sup>5</sup>man and Mr. Cole, were working on another  
8 draft finding involving the support for the sending of  
9 arms to Iran. Were you at this time in early January, at  
10 all aware of that?

11 A Absolutely no knowledge.

12 Q The first time I heard about that was in either  
13 December of 1986 or January of 1987, that in fact, these  
14 two attorneys who work for Makowka had been working  
15 on the finding.

16 Q Did it surprise you that these other two attorneys  
17 were working on the financing?

18 A I don't know if it surprised me, I guess a little  
19 bit, yes. I guess it surprised me I didn't know about  
20 it.

21 Q Can this be marked as the next exhibit, I believe  
22 Exhibit 4.

23 (The following document was marked as Exhibit GC-4  
24 for identification:)

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Q Mr. Clarke, I show you what has been marked as Exhibit 4 to this deposition, and ask if you could tell me what that is?

A It is a memorandum that was prepared in draft for Stan Sporkin. The date is not clear at the top, but I think it is dated, 7 January of 1986. On this copy the date is not clear. I brought a copy, I think.

No, I didn't bring it with me, but I have looked at it recently. I think the date is 7 January.

Q I believe that is correct. We have better copies to show it to be dated the 7th.

A It was prepared either by George Jamison or me or both of us jointly, together, to Stan Sporkin.

Q If the date of that memorandum is the 7th, do you know when the preparation of that would have been begun?

A Well, it certainly could have been on the 7th. It could have been prior but it wouldn't surprise me if it was on the 7th.

Q And whose idea was it that that be prepared?

A I guess I can only say Stan must have asked us to do it. I mean I could have decided to do it on my own but I don't recall that I did that.

Q Do you know who provided you with the information in the first paragraph concerning the nature

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to have financial under discussion, were does that language  
come from, do you know?

A I don't have a recollection of it right now. My  
guess is it came from information that was provided to me  
in meetings that I had with Stan, that I had or George  
Jamison.

end jm 15  
ms fls

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mas 1 1 Q At this point there is a finding that is referred  
 2 to in the first paragraph. Do you know what the stat<sup>u</sup>s  
 3 is of the finding on this subject at this point in time,  
 4 meaning January 7th '86 or thereabouts?

5 A You want, to show me which finding you are referring  
 6 to?

7 Q There is a reference in the second line to a  
 8 finding. It may be that that is speaking hypothetically.

9 A I would certainly take that to mean prospectively.  
 10 I believe there is sufficient legal authority to support  
 11 a covert action finding that would result in a transfer  
 12 over. If there was already a finding I don't, if I already  
 13 knew of a finding, I wouldn't be writing a memo that  
 14 started out that way, I don't believe.

15 Q The first paragraph refers to the transfer of  
 16 equipment under the Economy Act. Do you know where the  
 17 idea of using the Economy Act in this sort of transaction  
 18 grew up <sup>f</sup>rom?

19 A It is a concept that we have used for a long  
 20 time, for a number of years. We can get equipment we  
 21 need for our covert action programs from DoD under the  
 22 Economy Act, and we have written prior opinions in the  
 23 office about it.

24 BY MR. CAROME:

25 Q Paragraph 3 refers to a problem that could arise

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m2  
1 if the equipment to be transferred constituted arms,  
2 the U.S. provide to a second country through the Foreign  
3 Assistance Arms Export Control Act.

4 Do you know why that subject was addressed here?

5 A Well, at this point I can only surmise it is  
6 because I had information that indicated that some of the  
7 missiles or weapons that were going to be provided to Iran  
8 were those which had already been provided to Israel under  
9 the Foreign Assistance Act, and we wanted to flag that  
10 problem because of the separate reporting requirement and  
11 approval requirement that applied to weapons covered by  
12 those statutes.

13 Q At this point was it clear to you that there  
14 would not be reporting, prior reporting of this action,  
15 that there is a desire there not be prior reporting of  
16 this transaction that is contemplated here in this  
17 memo.

18 A No.

19 Q Had at this point Mr. Sporkin said anything to  
20 you about the sensitivity of the initiative under  
21 discussion here?

22 A Had he said anything to me about the sensitivity  
23 of it? I think I would have to say I would have to say  
24 that I would have thought it would be very sensitive  
25 since it was being handled in such a way that the information

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m3

1 about it was coming out in dribs and drabs. Plus I think  
2 I knew at the time that he was having discussions with  
3 Ollie North about this subject.

4 Q You knew this as of January 7?

5 A I believe I knew it sometime in January.

6 Q It could have been as early as January 7 that  
7 you were aware of that.

8 A Yes, and at some time during this period I  
9 become aware that there already was a finding that had  
10 been signed. It was at that point in time that I started  
11 to ask certainly Ed Dietel, and I know I asked Ed, we have  
12 to get a copy of this, you either have Stan get a copy  
13 or you have got to get a copy from somebody down in the  
14 NSC staff, and I don't recall whether I ever said that  
15 directly to Stan but certainly to Ed.

16 Q What was the reply when you said that?

17 A Ed agreed.

18 Q And was it unusual for there to be a signed  
19 finding that CIA did not have a copy of?

20 A Yes, I would have to say so. I think that  
21 probably there may have been at least one or two earlier  
22 occasions where, I cannot say for certain that I know  
23 of any earlier occasions where we didn't get a copy  
24 of the findings.

25 Q This much have been unprecedented?

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43

m4 1 A Yes, it certainly was unusual.

2 Q And do you know why it was that matter was  
3 being handled in that fashion?

4 A I don't. I can only surmise because everybody  
5 considered it to be sensitive. It dealt in part with  
6 the rescue of hostages and so there was a need certainly,  
7 a certain need for security, added security precautions.

8 I can only surmise that.

9 Q And the way that Mr. Sporkin seemed to be  
10 handling this was unusual in your experience in the fact  
11 that only small pieces of information were being given out,  
12 is that right, to the attorneys working on it?

13 A Yes, we don't usually do things that way.

14 Q The second page at the top of this January 7th  
15 memorandum, which is Exhibit 4, refers to a recent statute  
16 on the subject of reporting of weapons transfers in excess  
17 of \$1 million. Do you know why that was included in this  
18 memorandum?

19 A I mean it is a -- I really can't say except that  
20 it's a statute that is on the books and something that we  
21 at least thought was worth mentioning because of potential  
22 applicability. I can't emphasize enough that as this  
23 thing was being developed since we weren't sort of getting  
24 all the information that we thought we needed, we started  
25 to throw out everything we thought could possibly be

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m5

1 applicable and I guess I finally made my frustration with  
2 that way of proceeding known when I wrote the memorandum  
3 I wrote on the 15th in which I finally told Stan when he  
4 called me by phone since I wasn't getting all the information  
5 I wasn't going to give him a legal opinion over the  
6 phone, what he wanted to do, was okay. That's very straight-  
7 forward. I told him that at the time.

8 Q At this time in early January you were advocating  
9 following the Economy Act route in handling these transac-  
10 tions, is that right?

11 A Well, I don't know whether we were advocating  
12 it. I think we said that was one way that we could do it.  
13 This is the traditional way we would do it, we did it,  
14 we could do these kind of things.

15 Q Was it your understanding at the time that if  
16 the Economy Act route was followed that you would not have  
17 to worry about reporting requirements under the Arms  
18 Export Control Act or the Foreign Assistance Act?

19 A Well, my recollection is that -- I think it is  
20 my opinion that those acts only apply to weapons and  
21 material that is transferred under those acts. So that  
22 if we get equipment and weapons from DoD under the Economy  
23 Act those acts don't cover the particular weapons and  
24 equipment that we acquire.

25 Q Therefore, the reporting aspects of those

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m6

1 statutes would be irrelevant to the transaction.

2 A Those reporting requirements -- they are inherent  
3 in those acts <sup>^</sup> would be irrelevant to what we did with  
4 the weapons.

5 Providing we got the equipment from DoD under  
6 the Economy Act.

7 Q Referring again to the \$1 million transfer  
8 statute that is referred to in paragraph 4 of this  
9 memorandum, is it your understanding or was it at the time  
10 your understanding that the \$1 million figure was a figure  
11 that applied to any given transaction as opposed to any given  
12 item of munitions or weapons?

13 A I don't recall what our thinking was at the time.  
14 We were sort of flagging this. I don't know that we were  
15 really attempting to give him specific advice that applied  
16 to any specific transaction or any specific piece of  
17 equipment.

18 Q Do you know if at that time you or your office  
19 had a position on what the \$1 million applied to, namely,  
20 was it for weapons, was it for transfer?

21 A I don't recall if we had a position at the time.  
22 We probably did but I just don't recall, beside I mean  
23 that really, I have got to tell you that is not the only  
24 determining factor that would be applicable to  
25 figuring out whether that provision applied, because it's

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m7

1 been the office's position that whether or not you have  
2 to report because of that specific reporting requirement,  
3 the \$1 million requirement, is dependent upon and ~~was~~  
4 consistent <sup>with</sup> what is decided with respect to the overall  
5 covert action, so that if you had a case where the  
6 President decided to withhold notification of the activity,  
7 that the \$1 million equipment reporting provision would  
8 not force us or require the President to report something  
9 that he had previously held initially would be withheld  
10 from prior notification.

11 I am sorry that is a long, complicated way of  
12 saying what I intended to say. Did you understand?

13 Q Yes.

14 In that situation, where there has been, let's  
15 speak hypothetically for a minute, where there has been a  
16 covert action finding that the President has directed  
17 the Director not to report to the Congress, then there is  
18 a weapons transfer contemplated that would in normal  
19 circumstances trigger \$1 million requirement of the  
20 statute, what would be done then?

21 A There would be no additional reporting. There  
22 would be no reporting as a result of the \$1 million weapons  
23 provision and the legislative history to that provision  
24 recognizes that potentially you could have a problem if the  
25 President directed that initial finding be withheld, the

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1 notification, prior notification be withheld, that this  
2 provision would not, should not be allowed to undo his  
3 decision and require the reporting of this transfer of  
4 a piece of equipment.

5 Q Would it be the opposite of General Counsel's  
6 position, was at the time that there would be a need to go  
7 back to the President and reconfirm the fact that there  
8 should not be reporting when this \$1 million transfer issue  
9 came up? Do you know if that question was faced?

10 A I don't think that question was ever addressed  
11 at the time.

12 Q Do you have an opinion as to how that situation  
13 should be addressed?

14 A I don't know if the purpose of the covert action  
15 was such that it contemplated weapons transfers. I don't  
16 think we would have to go back and get his separate approval  
17 just because the weapons exceeded \$1 million. That would  
18 be my view, I believe.

19 If the particular kind of program only contemplated  
20 a small level of assistance, and then all of a sudden we  
21 dramatically increased tenfold level of assistance so it  
22 got to be over \$100 million, then we would probably  
23 consider that to be significant and would probably go  
24 back and get his separate approval.

25 Q Would you mark this as the next exhibit.

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[The document marked Exhibit No. 5 follows:]

\*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

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BY MR. CAROME:

2

Q Mr. Clarke, I show what has been marked as

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Exhibit 5 and just state that it appears to be the same

4

as the last two pages of Exhibit 4, except for a typed

5

notation up in the top corner that says "Destroy When

6

Complete", and first I ask you to look at that if you would

7

like to.

8

A Yes.

9

Q Do you recall the notation "Destroy When

10

Complete" being typed in the corner?

11

A No, I don't recall that.

12

Q You don't recall having typed it yourself or

13

directing your secretary to do that?

14

A No.

15

Q Do you know if there were any later drafts

16

prepared, of this memorandum?

17

A I don't know. I do know that I have never been

18

able to locate a signed copy of this and my recollection

19

is that I never signed it because I never considered it to

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be a complete and final product, and the reason I think

21

that it was never completed and put in final is that

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things simply moved too fast and it might not be important

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for Stan to have a signed thing.

24

He just wanted to see what our research showed

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and what our thoughts were and, as I said, I think

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1 George Jameson could have done some of the drafting of  
2 this memo even though it is from me.

3 Q Is it possible?

4 A Although I recall some of the language so I think  
5 I assisted in drafting it.

6 Q Is it possible that what we have here as something  
7 still marked a working copy could have been the product  
8 of editing done after January 7 or do you recollect that?

9 A I think that would have been unlikely, very  
10 unlikely. You mean to edit it after January <sup>u</sup>7 and still  
11 date it January 7?

12 Q Yes.

13 A I think it would be unlikely.

14 Q Mark this as the next exhibit.

15 [The document marked Exhibit No. 6 follows:]

16 \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*  
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BY MR. CAROME:

m12 1 Q Referring back again to Exhibit 4 and 5, do you  
2 recall that this memorandum was, that you provide this  
3 memorandum to Mr. Sporkin?  
4

5 A I don't have any specific recollection of handing  
6 it to him. I think it is likely that he saw it.  
7

8 Q Did he ever tell you his reaction to the  
9 memorandum?  
10

11 A Not that I recall.  
12

13 Q I show you what has been marked as Exhibit 6  
14 and ask if you recall that that is one of the attachments  
15 to your January 7th memorandum?  
16

17 A One second.  
18

19 What was the last question you asked me before  
20 this question?  
21

22 [The previous question was read by Reporter.]  
23

24 THE WITNESS: Before I answer that question as  
25 to whether this was one of the attachments to my January 7  
draft memo, the 6 January memo, which is marked your  
Exhibit 4 and 5, was in the package of materials that  
George Jameson and I prepared for Stan to use in briefing  
the Director and in going to a meeting that I understand  
he was going to go to at some point down at the White  
House on the subject of this finding.

Because we prepared a package of materials which

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had a bunch of tabs to it, which are listed, as a matter of fact. They are listed in your memo there, in the draft memo I did dated 7 January and it refers to Tab A, Tab B, Tab C, Tab D and Tab E. So, I think that Stan did get the memorandum.

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end mas  
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1 Q When did you think he received it?

2 A I can't say exactly.

3 Q But you understand that this was something that  
4 was given to him for purposes of preparing him for a  
5 meeting at the White House; is that right?

6 A Well, it was to prepare him for whatever meetings  
7 he was going to have on this subject. I don't know. I  
8 specifically knew at the time it was for a meeting at the  
9 White House. I know he did go to a meeting, at least one  
10 meeting, and maybe more down at the White House.

11 Q Referring again to Exhibit 6, I believe that is  
12 one of the attachments to your January 7th memorandum; is  
13 that correct?

14 A It was under Tab B. There was a cover note, a  
15 cover memo on top of that that Stan sent to the Director,  
16 Deputy Director.

17 Q Are you looking at it?

18 A Yes.

19 Q At the cover memo?

20 A Yes.

21 Q May I see that?

22 A Sure.

23 Q What you are referring to is dated January 7,  
24 1983.

25 A Yes, it has OGC Number 83-00175.

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54

1 Q Okay.

2 A The memorandum you are referring to is--

3 Q Is the next number.

4 A Yes.

5 Q This exhibit 6 refers to a question of military  
6 transfer to Iran. Is that correct?

7 A Yes.

8 Q Do you have any idea what was being contemplated  
9 to be transferred to Iran at this point in time, January  
10 '83?

11 A Well, I can only assume -- January '83 -- let's see  
12 I really couldn't say for sure.

13

14

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16

17

18 Q Do you have a recollection of that?

19 A Well, I know that we have -- those things were  
20 considered in the past.

21 Q That's all I have on that.

22 Could you mark this as the next exhibit?

23 (The document referred to was marked as Exhibit  
24 GC-7 for identification.)

25

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55

1 BY MR. CAROME:

2 Q Mr. Clarke, I show you what has been marked as  
3 Exhibit 7 and ask if this is also one of the items that was  
4 included with your January 7th, 1986 memorandum.

5 A Yes, it is.

6 Q And that is an opinion of the Attorney  
7 General, is it?

8 A Yes.

9 Q On the subject of weapons transfer under the  
10 Economy Act.

11 A Yes.

12 Q And there is a reference in that opinion to a  
13 specific reporting statute; is that correct, a statute  
14 that pertains to reports to Congress of weapons transfers?

15 A Yes, that is right.

16 Q Do you know whether or not that particular  
17 statute was a subject of the discussions that were going on  
18 in the office of General Counsel in early January  
19 pertaining to the Iran arms transactions.

20 A My recollection is that it was, but I am not sure  
21 that we wrote anything that specifically addressed 10  
22 U.S. C. 133 note.

23 Q Do you know what it --

24 A I don't recall it off the top of my head.

25 Q You don't recall?

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1 A I don't.

2 Q What the nature of the discussion was.

3 A No, I don't recall -- well, I just recall it  
4 coming up. I don't recall what the nature of the  
5 discussion was to consider or resolve that statute or  
6 resolve questions about the statute. I don't recall  
7 specific off the top of my head what the statute  
8 specifically provides for without having it in front of  
9 me. Let me see.

10 Q I am not sure that that is necessary.

11 A I am curious now. I don't like to see statutes  
12 that I don't recall in this area.

13 Is it correct that you do not recall during this  
14 January 1986 timeframe seeing any findings either draft or  
15 final or signed or unsigned, dated in the first week or so  
16 of January?

17 A I do not recall seeing any finding dated in the  
18 first week of January until much later, like in December of  
19 '86, January of '87 when we finally started to get more  
20 information about what had really been going on in this time  
21 period. That was this first time I saw the January 6th  
22 finding, I believe it is.

23 MR. CAROME: Mark this as the next exhibit.

24 (The document referred to was marked as Exhibit  
25 GC-8 for identification.)

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bap-5

1 BY MR. CAROME:

2 Q In addition to not seeing findings from  
3 that first week of January period, you did not have any aware-  
4 ness that there were any activities going on to draft such  
5 things; is that correct?

6 A I did not have any awareness. I was not aware  
7 there was any activities going on to draft such a finding.  
8 As I said previously, I became aware at some point that there  
9 was a finding that had been signed and that is when I  
10 urged Ed Dietel and, I think, Stan to get us a copy  
11 because I heard that there was only one copy, and they  
12 were keeping it down at the White House.

13 Q This must have been as early as January 6 or 7.

14 A It might have been.

15 Q I show you what has been marked as Exhibit 8. I  
16 am not sure you would have seen this document. I ask  
17 you have you ever seen that document before. It is a one-  
18 page memorandum that says DCI in the upper right-hand  
19 corner, and is dated January 13, 1986.

20 A I have seen this recently, within the past  
21 three or four months. I have seen it after this whole thing  
22 became a subject of investigation.

23 Q Do you recall seeing it back in January of '86.

24 A No.

25 Q In the first paragraph there is a reference to

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bap-6

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1 Sporkin's legal analysis, and it is two options. I ask you  
2 to read that first paragraph and tell me whether or  
3 not you recall those two options being under consideration  
4 at the time in January of 1986.

5 A I guess I recall there being some mention of  
6 that and my recollection is that-- my recollection is  
7 that we felt that there were problems under the applicable  
8 statutes for the weapons to be transferred directly from the  
9 Israelis, but I never saw this memo. I never saw this  
10 memo at the time.

11 I first saw this memo within the past two  
12 or three months when documents were being collected for  
13 this query.

14 Q And what were the two options as you understand  
15 them to be that were under discussion.

16 A Well, one, to do it in the same way that is  
17 going to involve DOD directly assisting or authorizing  
18 some weapons to be transferred from Israel to Iran, and  
19 the other for us to be involved in some kind of traditional  
20 covert action way.

21 Q And which of those two options did you favor at  
22 the time?

23 A I favored the second because I was concerned  
24 about the statutes that required approvals and reporting  
25 and reporting to Congress under those statutes of

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bap-7

1 retransfers of weapons given to countries under the  
2 Foreign Assistance Act.

3 Q Paragraph 2 of this Exhibit 8 refers to questions  
4 about when Israel had enough money to purchase TOWs under  
5 a particular option. Do you recall any discussions that  
6 you participated in or heard about on that subject at  
7 that time?

8 A No, absolutely none.

9 Q Do you recall any discussions in that  
10 early January time frame about the cost of TOWs or the  
11 cost of any weapons that you participated in?

12 A Not really.

13 Q When you say not really--

14 A There have been some mentions of cost, but I  
15 don't recall any figures. I don't recall any details of  
16 the discussion.

17 Q Do you know who?

18 A Value. There may have been some discussion of what  
19 the value of these were, but I don't recall that.

20 Q And do you recall who it was that was talking  
21 about the question of value of the weapons?

22 A No, I don't.

23 Q And in this January time frame what is it that  
24 you understand is to be shipped to Iran are TOW missiles;  
25 is that right?

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bap-8

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1           A     Yes.

2           Q     Mark this as Exhibit 9, please.

3                     (The document referred to was marked Exhibit GC-9  
4 for identification.)

5                     BY MR. CAROME:

6           Q     Mr. Clarke, I show what has been marked as  
7 Exhibit <sup>9</sup> ~~A~~. I believe it is a memorandum that you wrote.

8           A     Yes.

9           Q     And I ask if you could just briefly tell me  
10 what that is.

11          A     It is a memorandum for the ~~record~~ that I did  
12 based on a phone conversation or phone call I received from  
13 Stan Sporkin on the 15th of January '86. I started the  
14 drafting of it and did probably most of the drafting ~~on~~ the  
15 same day I received the call, which was 15 January '86.

16                     I think I probably finished the drafting of it  
17 and I signed it on the 11th of March 1986.

18          Q     Does this time up in the upper right-hand corner;  
19 is that the time of the phone call?

20          A     Yes.

21          Q     Is it also the time that you are writing the  
22 memorandum, roughly?

23          A     Yes, for some reason I decided to do the memo  
24 for the record immediately after getting the phone call.

25          Q     What did Mr. Sporkin say to you in that phone call?

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1           A     Well, I really can't specifically remember at this  
2 point in time other than what I have got set out in the  
3 memo here -- he called me, called me to discuss some options  
4 or ways of accomplishing a transfer of weapons. The  
5 first paragraph, I think, is accurate as to what I  
6 recalled him asking about and the second paragraph is accurate  
7 in what I told him.

8                     I told him I felt uncomfortable with what was  
9 being proposed and once again as reflected in paragraph 2,  
10 it gets back to that initial theme that I was concerned  
11 about about rotating Israeli stocks of weapons, and I  
12 think this is an accurate reflection of what I said, and did  
13 at the time to the best I can recall it right now.

14           Q     Did Mr. North come on the telephone at some point  
15 during that January 15 phone call from Sporkin.

16           A     Yes, he did.

17           Q     Did you understand that Mr. North was in the  
18 same place, same office as Mr. Sporkin?

19           A     I certainly did. He said let me put Ollie on.

20           Q     Do you know where it was they were calling from?

21           A     I surmised it was from Ollie's office down at  
22 NSC staff at the White House, but I can't be certain about  
23 that. They could have been calling anyplace that had a  
24 secure line.

25           Q     They were calling on a secure line?

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1 A Absolutely.

2 Q Yet Mr. Sporkin seemed to be reluctant to provide  
3 you with the facts of the contemplated proposal; is that  
4 right?

5 A Well, he certainly wasn't giving me many specific  
6 facts. I think I made reference to that in here some place.

7 Q It may be the top of the second page.

8 A Yes.

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BY MR. CAROME:

Q What did you understand Mr. Sporkin to be referring to when he referred to an agent or a middleman?

A Just that, that there would be somebody out there who would really be sort of conducting the deal, putting the deal together, really making the whole thing work, but it wasn't really going to be our guy. In light of subsequent events, we all probably know it is probably General Secord, but that is also surmise on my part. I don't know if they had any idea how it was going to work.

Q Did Mr. Secord's name come up at all during this conversation?

A No, it did not. Mr. Secord's name came up subsequent to this time, a time which I mentioned to you before, Stan Sporkin called me and said he was leaving and said I was going to have to follow this thing from here on. He gave me a briefing and told me to go to a meeting they were going to have at headquarters about this. That is the first time I ever heard his name mentioned.

Q You hadn't heard General Secord's name mentioned back in November either, is that right?

A No.

Q There is a parenthetical group of sentences in paragraph 2 that talk about consideration since January 10 of a proposal to provide missiles to Israel that would, in

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1 part, be to secure the return of U.S. citizens held by or  
2 under the control of Iran. Do you know what you were re-  
3 ferring to in those parenthetical sentences?

4 A Only what's reflected there.

5 Q Did you understand at this point that there had  
6 been a finding on this subject signed at the time you were  
7 writing this memorandum?

8 A I had, as I have said before, I had information  
9 that there was a finding that had been signed. I had never  
10 seen it, I had urged that we get a copy of it to find out  
11 what was going on and what was intended to be authorized,  
12 and that's the only thing I can figure out these couple of  
13 sentences refer to.

14 As it turns out, the dates are obviously wrong,  
15 because we now know the first finding was dated 6 January,  
16 '86. And my sentence here says according to the general  
17 counsel, this activity was authorized by a signed Presidential  
18 finding which he worked out with Oliver North on 10 to 11  
19 January, '86.

20 So somehow the dates got wrong, but it confirms  
21 what I previously remembered, which is that I heard there was a  
22 finding, and I said we ought to take a look at the thing.

23 Now, at some point, I think it was sometime after  
24 January, George Jamison, who worked for me at the time and  
25 still works for me, went down to the White House and looked

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lrg-3

1 at it. You can get from him when he first saw the finding.  
2 It may have been after the January 17 finding. It may be  
3 George never saw the 6 January finding. It may have been when  
4 he went down there, he was shown the 17 January finding.

5 Q In the telephone conversation with Mr. Sporkin and  
6 Mr. North, did either of them mention Iran or Israel?

7 A No. My recollection is they were careful to talk  
8 around the countries. And I remember being a little bit  
9 confused at the time and not being really sure what the hell  
10 anybody was talking about,

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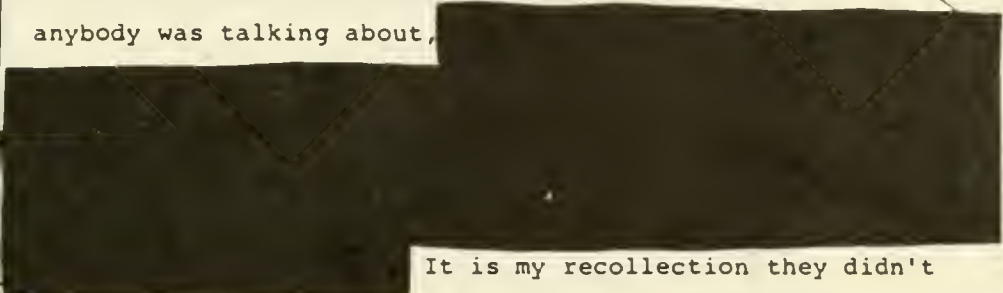
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14 It is my recollection they didn't  
15 tell me the countries.

16 Q Did either Mr. Sporkin or Mr. North, on this phone  
17 call, tell you why it was they wouldn't explain the facts  
18 of the situation they had under consideration?

19 A No, no.

20 Q Do you know what it is that caused you to go back  
21 two months or so later and sign this document?

22 A Well, the only thing I can recall is that I did a  
23 draft at the time, and just because I had a lot of other  
24 things to do, this wasn't really a high priority kind of  
25 thing at the time, and in my stack of work in my safe it  
popped up, and I immediately put my initials and signed it.

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rg-4

1 Q Do you know why there is a reference to derived  
2 from NSDD 159 on the bottom of this?

3 A NSDD 159 is the directive that deals with covert  
4 actions and human approval, and that is what we are talking  
5 about.

6 Q Do you recall what Mr. North said during that  
7 telephone conversation?

8 A No.

9 Q You do recall him coming on the line, though, is  
10 that right?

11 A Yes.

12 Q And your memorandum refers to him coming on the  
13 line to "clarify the hypothetical facts for me."

14 A Yes.

15 Q Do you recall what he said by way of clarification?

16 A Just he was explaining hypothetically what was  
17 going to happen.

18 Q Was he referring to the use of this agent?

19 A It could be. I just don't recall specifically what  
20 it was. I mean, I said, I recall something to the effect,  
21 "Let me clarify the facts for you", or something like that, or  
22 "Let me clarify the situation for you", or the proposal for  
23 you, and basically just said what Stan had already previously  
24 said.

25 Q Did you understand that both Sporkin and North were

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1 eager to get you to say that this was a fine way to proceed?

2 A I got the impression that Stan was hoping that,  
3 based on what he told me, I could see a way to say it was  
4 okay to proceed as they were proposing. But I couldn't.  
5 Because, first of all, I didn't have many facts; secondly, I  
6 was concerned about the statutes that applied to military  
7 equipment that had been transferred to other countries under  
8 other statutes.

9 Q What was your concern?

10 A My concern in that regard was there would have to be  
11 several approvals obtained for re-transfer, and there would  
12 have to be separate notification under those statutes to the  
13 Congress of the re-transfers.

14 Q And why would that be a problem?

15 A That would be a problem because -- I am saying this  
16 in hindsight, I guess, or maybe we discussed it at the time,  
17 that one of the options I guess being considered was to not  
18 report the matter to the Congress before it was done, not to  
19 do prior reporting.

20 And, indeed, I believe that Stan's talking points  
21 memo that he used for his meeting with the Director reflects  
22 it, those were options.

23 Q Do you recall having said to me in our interview a  
24 week or so ago that third-party arrangements being proposed  
25 in this telephone call was a flimsy way to do things?

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1           A     Say that again?

2           Q     Could you read back that question?

3                     (Whereupon, the reporter read back the pending  
4 question.)

5                     THE WITNESS: I don't know whether I used the word  
6 "flimsy".

7                     BY MR. CAROME:

8           Q     Is that accurate -- is that how you felt about the  
9 proposal?

10          A     I said that I thought -- I said that I was bothered  
11 at the time that we would be using our authority, the author-  
12 ity that we had developed and was recognized to do this  
13 activity by using someone who had so little direct involve-  
14 ment with us at CIA.

15          Q     And your concern was that might not be a valid way  
16 to invoke the authorities of the CIA?

17          A     No, I don't think I said that. I guess it troubled  
18 me because, I guess it troubled me because, I am trying to  
19 think back as to why it troubled me at the time. I guess it  
20 troubled me at the time because I got the feeling that this  
21 middle guy -- I mean someone once described it to me as a  
22 middleman sort of acting with our authority, and I guess my  
23 best recollection of why it troubled me at the time is under  
24 the way it was described, it sounded like we wouldn't have  
25 any -- we, CIA, wouldn't have any control over this person,

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1 and I guess that is what bothered me.

2 MR. FEIN: The other person, as events ultimately  
3 unfolded, was Richard Secord?

4 THE WITNESS: I don't know. I mean, I don't know.  
5 He's the guy who seems to be centrally involved in what  
6 ultimately transpired, but --

7 MR. FEIN: Would that have been the first occasion  
8 in your entire experience at the agency where a so-called  
9 third party or a commercial cutout, as Secord described him-  
10 self, was ever employed in a covert operation?

11 THE WITNESS: I think the answer to that is no. It  
12 certainly would be the first experience to my experience with  
13 the third party cutout, commercial guy was the whole opera-  
14 tion basically.

15 BY MR. FEIN:

16 Q You mean that in this instance, the plan was that  
17 once the weapons were transferred to the so-called commercial  
18 cutout, that was the end, the joint venture at that point --  
19 there wasn't any joint venture, so to speak, where you are  
20 utilizing part of a commercial cutout where agency officials  
21 are then involved in the ongoing completion of the project?

22 What was distinctive about this one was that once  
23 the transfer of arms was made to the third party, that was  
24 the end of the agency involvement?

25 A Yes, I think that's what subsequent events show,

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1 that basically we exercised little control, we exercised little  
2 follow-up and follow-through, to my knowledge.

3 Q Little or none?

4 A Well --

5 Q What control did you have at all?

6 A You can use both. Little or none. I don't know  
7 that we had much real involvement with this.

8 BY MR. CAROME:

9 Q Are you aware of any other arms transfers that were  
10 done under the Economy Act from DOD to CIA and then CIA  
11 ultimately to a foreign government where in the chain between  
12 the CIA and the foreign government there was a private party?

13 A Am I aware from my own personal experience of any?

14 Q Yes.

15 A No. But I wouldn't want to say there were none,  
16 because somebody would have to go back and look, do an exhaus-  
17 tive review of the kinds of things we have done in the past  
18 12 years or longer.

19 Q But during the time you have been there, you have  
20 never come across such a situation, is that right?

21 A I think that's accurate. I can't recall any.

22 MR. FEIN: In any event, it would have been ir-  
23 regular -- not irregular in the sense of wrong, but a non-  
24 routine method of employing the economy.

25 THE WITNESS: I wouldn't want to go so far as to say I had any

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drg-9

1 feeling or thought at the time that there was anything  
2 illegal about it.

3 BY MR. CAROME:

4 Q At the end of this telephone conversation with  
5 Sporkin and then North, do you recall how things were left?  
6 Was it left that you had successfully shot down this proposal,  
7 or did you know what was going to happen with it?

8 A To the extent I have a recollection, I would only  
9 say I thought I had made my point and position clear to Stan,  
10 if we are going to be involved, we have got to really be  
11 involved and not just sort of let somebody else be out there  
12 running around with our authority doing something. But I  
13 don't recall how the conversation ended.

14 I do know that subsequently we either helped Stan  
15 prepare or prepared for him some talking points in which I  
16 think he made some of the points --

17 Q I was going to talk about the talking points next,  
18 and I was going to make them an exhibit. Before we do that,  
19 if I could ask you, as of this point, we are now at January  
20 15, 1986, how is it that you understand, what is it that you  
21 understand the purpose of this transaction to be? Do you now  
22 understand it not to be a question of replenishing or up-  
23 grading Israeli stocks but rather to be an initiative to get  
24 the hostages out?

25 A I can't really say at this point what I really knew

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1 at that period in time. I mean, I have learned so many things  
2 subsequent to that period of time, it's kind of hard to  
3 distinguish between what I knew then and what I really know  
4 now in light of subsequent events.

5 Q Could you make that the next exhibit. I think we  
6 are now up to 10.

7 (The following document was marked as Exhibit  
8 GC-10 for Identification.)

9 COMMITTEE INSERT

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lrg-11

1 BY MR. CAROME:

2 Q I show you what has been marked as Exhibit 10 and  
3 ask you if you recognize what that item is. They appear to  
4 be talking points that Mr. Sporkin provided to Mr. Casey.  
5 They are dated the 15th of January, 1986.

6 Did you have any role in the preparation of those  
7 talking points?

8 A I don't recall, I really don't recall whether I saw  
9 them at the time or saw them subsequently. One thing to  
10 determine is whose number this is for classification on

11 [REDACTED] Did we ever determine if that's Jamison's number or  
12 not?

13 Q I thought it turned out to be Sporkin's.

14 MR. HUGHES: Yes.

15 THE WITNESS: That makes it more likely he did  
16 them on his own and I only saw them subsequently.

17 BY MR. CAROME:

18 Q Were you aware at the time talking points were  
19 being prepared by the Director for a meeting at the White  
20 House on or about January 16?

21 A I think I was, but I can't be certain.

22 Q The talking points say that the key issue involved  
23 was the question of reporting to Congress. Do you know  
24 why it was that that was viewed to be the key issue at that  
25 time?

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1           A     Specifically? I can only generally recall there  
2 must have been some discussion about the issue of withholding  
3 prior notification from the Congress.

4           Q     Do you recall participating in those discussions  
5 at the time?

6           A     I can't recall any specific discussions, no.

7           MR. FEIN: Let me bring you back. Stan testified  
8 when he was out of the agency he withheld prior notification  
9 to Congress with regard to the Canadian rescue of hostages  
10 in the Canadian Embassy during the so-called hostage crisis  
11 there. Would it have all been unusual if this was an effort  
12 to gain the rescue of hostages to not notify Congress in  
13 advance, or was that the kind of a so-called ethos of the  
14 notification statute at this point?

15           THE WITNESS: Certainly the fact that we had not notified the  
16 Congress and had not been notified in that case served as a  
17 precedent, even though at that time there was no statute on  
18 the books that required notification. Under that time, all  
19 we had was Res. 400, as I recall, and we had obligation in  
20 Executive Order 12036 to keep the Congress informed as to  
21 Presidential procedures.

22           But I think that is a precedent for this kind of  
23 activity in which the Congress was not notified.

24           BY MR. CAROME:

25           Q     Was one factor driving the desire there not be

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rg-13

1 prior reporting to Congress a concern about the nature of the  
2 political reaction that there would be here in the United  
3 States if the operation were disclosed?

4 A I don't recall anything ever being said that  
5 indicated that was a consideration.

6 Q Did you infer that was a consideration at the time?

7 A No, I did not.

8 MR. FEIN: Would you infer it was a consideration  
9 today?

10 THE WITNESS: I would have to say, in my honest  
11 opinions, that the discussion of withholding, withholding  
12 prior notice probably really focused on the need for security,  
13 and the need to keep the matter secret and secure for the  
14 purpose of accomplishing the objectives.

15 There is a great amount of feeling that when  
16 things get reported on the Hill in these categories, in these  
17 covert action categories, that they leak out. In this kind  
18 of situation, I guess the feeling was that it could be  
19 disastrous for the success of the operation. That's just  
20 my opinion.

21 Only those who were involved in the actual decision  
22 making that led to the finding and those principals involved  
23 in the discussion could say for sure what the factors were.

24 BY MR. CAROME:

25 Q The talking points in the fourth line say "Since

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1 there is a Presidential finding."

2 Do you know if at this time it was clear to you  
3 that in fact there already was a Presidential finding in and  
4 of itself?

5 A Which paragraph?

6 Q The first paragraph of the talking points.

7 A Well, that is certainly consistent with what I  
8 previously said, which was that I had heard there was a  
9 finding, which is the one I urged we take a look at.

10 Does that answer your question?

11 Q Yes.

12 Were you aware that the January 16 meeting that  
13 these talking points were apparently prepared for would be  
14 participated in by Weinberger, Meese and Casey?

15 A No.

16 Q Were you aware around this time or around that  
17 January 16 meeting that Secretary Weinberger had gone back  
18 to his Legal Department and sought an opinion on the  
19 transactions contemplated?

20 A I have heard that. I don't recall whether I heard  
21 that at the time or whether it was subsequent.

22 Q Do you know who you heard that from?

23 A Stan Sporkin perhaps. I think it could have been  
24 subsequent, because I did have a conversation with him on  
25 one or two occasions since November of '86 about it.

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**TOP SECRET**

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rg-15

1 Q And do you recall what Mr. Sporkin said on the  
2 subject of Secretary Weinberger getting legal advice from  
3 his own people?

4 A Just that he had said that he was going to go  
5 back and get it.

6 Q Was there anything further about whether or not  
7 Weinberger got advice and what the nature of the advice was?

8 A There may have been, but I don't recall what it is  
9 or was.

10 Q You are not sure whether or not you were aware  
11 of that back in January of 1986, is that right?

12 A I don't think I was. I think I became aware of  
13 that subsequent.

14 MR. CAROME: Mark this as the next exhibit.

15 (The following documents were marked as Exhibit  
16 GC-11 and GC-12 for Identification.)

17 COMMITTEE INSERT

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1 BY MR. CAROME:

2 Q I show you what has been marked as Exhibit 11 and  
3 ask if in January of 1986 you recall having seen that  
4 document?

5 A No.

6 Q Have you seen it since, other than before today?

7 A Yes. I have seen it since either December of '86  
8 or January of '87. This subsequently surfaced in the course  
9 of the collection of documents for this review.

10 Q Do you recall where this document surfaced?

11 A I don't. I think, I think the NSC staff.

12 Q So the record is clear, this is a finding, dated  
13 January 6, apparently signed by the President and bearing  
14 some handwritten notes around the middle of the page adding  
15 the words "and third parties."

16 Do you know whose handwritten notes those are?

17 A I do not know for certain.

18 Q It is our understanding they are Mr. Sporkin's  
19 notes. Do you know of any reason to contradict that?

20 A No. If I were asked to give an opinion, I would say  
21 it looks like his handwriting.

22 Q I show you what has been marked as Exhibit 12 and  
23 state for the record that that appears to be the January 17  
24 signed finding. Do you know when you first saw this docu-  
25 ment or became aware of it?

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rg-17

1           A     I don't think I really ever saw this until November  
2 or December, '86.

3           Q     Do you know when you became aware that it had been  
4 signed?

5           A     No, I don't.

6           Q     Did you understand that the January 16 meeting that  
7 Mr. Sporkin was going to attend was directed to the subject  
8 of a finding such as this?

9           A     No. I mean, I knew that there was a -- I had an  
10 impression, I think I had an impression there was going to be  
11 a meeting about a finding for the purpose of what had been  
12 generally described to me in not a tremendous amount of,  
13 detail. That's the best I can do. No, I didn't know they  
14 were specifically going to look at this piece of paper with  
15 these two paragraphs.

16          Q     Do you have an understanding why the phrase "and  
17 third parties" was added into this finding?

18          A     No. No one has ever discussed that with me.

19                BY MR. FEIN:

20          Q     If you look at the ultimate paragraph there,  
21 about the U.S. Government will act to facilitate efforts by  
22 third parties and third countries to establish contact with  
23 moderate elements, wouldn't it have been if the third  
24 paragraph had omitted "of third parties" and just spoke of  
25 third liaison services in third countries, that is, the last

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1 paragraph clearly contemplated the <sup>as</sup> assistance of third  
2 parties, and it would be rather odd if the first paragraph  
3 was not congruous with that contemplation?

4 A I really can't say. I mean, it depends on what the  
5 people who drafted this had in mind and what they would have  
6 said in any accompanying papers, if any, to describe it to  
7 the President or the other members of the NSC. When we  
8 drafted findings, we usually explain in scope papers what's  
9 intended, so I wouldn't rule out that they couldn't have had  
10 a separate purpose with respect to paragraph one objectives  
11 from paragraph two objectives. It's possible.

12 Q But from what we know in retrospect, from what we  
13 know in retrospect as to the purpose for which the finding  
14 was utilized, that possible differentiation simply would not  
15 make sense, would it?

16 A I don't --

17 Q Because, in fact, all the purposes converged in the  
18 sense that the whole effort to establish more moderate  
19 government and what was necessary in terms of arms provisions  
20 to achieve that objective was concurrently the same method  
21 necessary to achieve the second objective, which was to  
22 obtain the release of the hostages?

23 A I really just don't think I can give an opinion on  
24 that. People are going to have to reach their own conclusions  
25 on that. You can look at this thing and say in light of

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81

drg-19

1 what is said in the first paragraph, why is the first  
2 sentence of the second paragraph even needed?

3 Q Except for the fact the first sentence in the second  
4 paragraph refers to third parties. I would agree with you  
5 if you had third parties in the first paragraph --

6 A It does, in the 17 January version, it does.

7 Q I agree, but I am just talking about why at this  
8 stage Stan wrote in "and third parties" in the first para-  
9 graph.

10 A I don't know.

11 BY MR. CAROME:

12 Q Do you think that might have been because of Secord's  
13 contemplated role?

14 A Certainly it would be one explanation that makes  
15 some sense. But I am not in a position --

16 MR. FEIN: Especially since Secord testified he  
17 was at the meeting in the White House at which this meeting  
18 was discussed.

19 THE WITNESS: That is right.

20 BY MR. CAROME:

21 Q After the January 15 telephone call with Sporkin and  
22 North, what is the next time you hear anything at all about  
23 this Iran activity?

24 A Well, I think it was a couple of days later. I  
25 think it was a couple days later, on the 17th, when Stan told

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1 me that he was going to be leaving and that I would have to,  
2 you know, sort of follow this, or if any issues came up, I  
3 would have to deal with them on this matter that we have been  
4 discussing.

5 Q Stan was leaving.

6 A Yes.

7 Q Where was he going, do you recall?

8 A I believe by that period of time, his nomination  
9 had been voted upon and confirmed by the Senate to be a  
10 Federal Judge.

11 Q He was leaving the agency altogether at that  
12 point?

13 A Yes. And so subsequently I got the word there was  
14 going to be a meeting on either the 23rd or 22nd of January  
15 to discuss this matter, and I went to that meeting.

16 Q And this is the first meeting that takes place  
17 after the phone call?

18 A The first, the only meeting after the phone call  
19 in which I had anything further to do with this, this  
20 matter.

21 Q And who do you recall --

22 A Let me back up on that. I don't want to say it's  
23 the only meeting, because there was a meeting, there was at  
24 least one or two meetings that could have been after 15  
25 January at which some outlines were discussed about how to

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drg-21

1 proceed with accomplishing the finding.

2 Q Let's try and talk about these meetings separately,  
3 one at a time.

4 A I just want to make it clear there could have been  
5 more than one meeting I attended, but certainly this was the  
6 one that I probably remember the best, the one that occurred  
7 on 21 or 22 January.

8 Q Who was in attendance at this meeting on 21-22  
9 January?

10 A My recollection is that it was Ed Juchniewicz,  
11 who was the ADDO -- this is all classified, right?

12 Q Yes.

13 A -- the ADDO, a fellow named [REDACTED] Chief  
14 of the NE Division, and another official from the DO named

15 [REDACTED]

16 Q How do you spell that person's first name?

17 A It is [REDACTED]

18 Q What is her position?

19 A I think she is Chief of what is called [REDACTED]

20 [REDACTED] of

21 the DO.

22 Q Am I correct that you are reviewing --

23 A I took some notes at the meeting.

24 Q Those are before you, is that correct?

25 A Yes.

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irg-22

84

1 MR. CAROME: Could we go off the record just a  
2 second.

3 (Discussion off the record.)

4 THE WITNESS: Executive Registry No. 7947 down  
5 in the bottom right-hand corner.

6 BY MR. CAROME:

7 Q What you are looking at are handwritten notes, which  
8 I understand will be provided to the committee very shortly  
9 after this deposition, is that right?

10 A Yes.

11 Q Can you tell me what the subject of this meeting  
12 was?

13 A It was just generally to discuss what was going to  
14 be done to implement a finding or implement whatever CIA's  
15 role was going to be in assisting this matter, this operation.

16 Q And was this a finding relating to -- is this the  
17 Iran finding we are talking about here?

18 A I think in retrospect it is. Whether or not I knew  
19 what specific finding it was at the time, I am not sure.

20 Q How many pages of notes is it that you have?

21 A One page.

22 Q What was your role at this meeting?

23 A Just to be there to answer any legal question or  
24 give any legal advice on issues that may have come up that  
25 required such advice.

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drg-23

1 Q Did any legal issues come up at the meeting?

2 A Not that I recall.

3 Q Was the subject of shipments of TOW missiles dis-  
4 cussed at that meeting?

5 A Well, I don't recall if they mentioned TOWs. I  
6 wrote down equipment.

7 Q Was the subject of Economy Act transfers discussed  
8 at this meeting?

9 A It probably was. I didn't put that down in my  
10 notes. It probably was.

11 Q Was Secord's name mentioned at that meeting?

12 A Yes.

13 Q Was Secord present at the meeting?

14 A No. There were only four people, myself and the  
15 other three people were present.

16 Q What was said about Secord at the meeting?

17 A Just that he was going to put the deal together.

18 Q In what sense?

19 A That's what I wrote. It wasn't -- I mean, the  
20 discussion -- I would have to say that the discussion  
21 presumed that people already had a lot of knowledge, so the  
22 notes that I made were just sort of shorthand notes of  
23 things that were said. He was formerly DOD, he was going to  
24 put the deal together, and --

25 Q He was formally DOD?

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86

1 A Yes.

2 Q What does that mean? Oh, formerly. I understand.

3 A There must have been a discussion of TOW missiles.  
4 Whatever it was, there was a discussion of limiting the number  
5 until we get the hostages, North and Secord were going to  
6 set the deal up in London, there was a question about a  
7 bank account, somebody made reference to the fact we can't  
8 prove this is a moderate group.

9 Q Do you know who made reference to that?

10 A Either [REDACTED] or Juchniewicz. It could have been  
11 Juchniewicz. That is it. That is all that is in my notes.  
12 There were other people who were supposed to know details:

13 [REDACTED] Claire George --

14 Q They knew the details?

15 A Those were people mentioned who were somehow to be  
16 knowledgeable about this operation. I made a note, "Call  
17 [REDACTED] about details."

18 Q Can you tell when that meeting took place exactly?

19 A Either the 22nd or 23rd of January, '86.

20 Q Is that what the notes say?

21 A That is what I wrote on the notes at the bottom. I  
22 wrote that subsequent to the meeting. I don't know how  
23 subsequent to the meeting, but I wrote that based on my  
24 best effort to reconstruct when it would have been after I  
25 received the guidance from Sporkin. I know it was shortly  
after I received guidance from Sporkin.

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drg-25

1 Q You say there may have been another meeting or two  
2 that you attended. Do you recall a meeting sometime after  
3 January 17 that was in Sporkin's office and attended by  
4 Sporkin, Deputy General Counsel Dorthy Clark and Jim Harris?

5 A Yes. There was a meeting at which there was a  
6 discussion of how to lay out a road map for people to do  
7 things, do the Economic Act transfers, set up the bank  
8 account, so on and so forth, and somebody did a first draft  
9 of this, and my recollection is that Harris took it and made  
10 it a more expanded draft. I think you have those. If  
11 they had dates on them, it would be helpful in settling when  
12 the meetings were.

13 Q Do you recall the date of that independently?

14 A No.

15 Q There may be a date on one of the documents. Why  
16 don't I have ~~it~~ as the next exhibit.

17 (The following document was marked as Exhibit  
18 GC-13 for Identification.)

19 COMMITTEE INSERT

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1 BY MR. CAROME:

2 Q I show you what has been marked as Exhibit 13 and  
3 ask you if you recognize what that is. That may actually be  
4 more than one document that has been stapled together.

5 A It is. It's -- the first one is what I recall to  
6 be the draft that was prepared when Dave Dougherty participated  
7 in figuring up what we had to do to get this thing moving.

8 Q When you say the first one, which pages of Exhibit  
9 13?

10 A The page, dated 17 January '86, 2:00 o'clock draft  
11 at the top right-hand corner. It is nine paragraphs, one  
12 through nine. There is a subsequent version which is on  
13 top. It doesn't look like it has a date.

14 Q But it is the front pages --

15 A The front three pages of this thing marked Exhibit  
16 13. This, I think, was prepared by Jim Harris based on the  
17 one page dated 17 January '86.

18 Q And who do you understand prepared the one-pager?

19 A Dave, my understanding is that Dave Dougherty  
20 did.

21 Q Does this exhibit or group of documents help re-  
22 fresh your recollection as to when this meeting in Sporkin's  
23 office took place?

24 A I assume it was the 17th, since the draft is dated  
25 the 17th.

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1 Q Was that actually drafted up during the meeting?

2 A I think it was. I think somebody was taking notes  
3 and had them typed or that he did it and then he brought it  
4 back in and looked at it.

5 Q Am I correct that what you are attempting to put  
6 on paper here is a blue print or a road map for how this  
7 Economy Act multi-country transaction was to take place?

8 A Yes. I wasn't involved in drafting this, the purpose  
9 of it, though, was for those people who were involved in the  
10 operational details of carrying out these activities to  
11 sort of lay out something that the operators could live with  
12 to figure out how to proceed. That is my recollection of  
13 what it was.

14 Q Was --

15 A I had another question of how bank accounts could  
16 be set up, how money could be transferred, either to or from  
17 the Army or DOD. There was a problem of -- well, there were  
18 problems it would show up on the books if it was transferred  
19 one way. There were all kinds of accounting issues that were  
20 discussed, I believe.

21 Q What were the problems with bank accounts?

22 A Just that there had to be some way to explain how  
23 this money was falling in and falling out. That's the only  
24 thing I can recall.

25 Q Is Jim Harris an attorney who works for you?

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- 1 A He doesn't work for me, no.
- 2 Q What is his position?
- 3 A He is the Chief of the Logistics and Procurements  
4 Law Division.
- 5 Q What is his role?
- 6 A He is the Chief of the division that handled all  
7 our procurement and logistics-related legal issues. This  
8 certainly was at this point a logistics-related issue.
- 9 Q Did Mr. Sporkin play an active role in this meet-  
10 ing?
- 11 A He was there. He participated in discussion, it  
12 is my recollection.
- 13 Q Do you recall whether Secord's name came up during  
14 that meeting?
- 15 A I do not recall it coming up.
- 16 Q You think you would have remembered had it come  
17 up?
- 18 A I think I would have. It's hard to say.
- 19 MR. FEIN: He was not a household word at that  
20 time?
- 21 THE WITNESS: No, he was not.
- 22 BY MR. CAROME:
- 23 Q The last page of Exhibit 13, do you recognize  
24 that?
- 25 A There are two pages

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rg-29

1 Q The last two pages, you say you don't recognize  
2 those?

3 A I don't recall those.

4 Q I am not quite sure why these documents are all  
5 together. In any event, you don't have a recollection of  
6 seeing that?

7 A No, this certainly --

8 Q Do they look like they cover the same subject  
9 matter that was being discussed at this meeting?

10 A No, they sort of cover -- certainly the last page,  
11 the last page covers the policy-related questions about doing  
12 this. It gets into things like, there is precedent and  
13 authority for doing it one way, when the FNS report is needed.  
14 It is a straight covert action operation, there would be  
15 no unnecessary overlap, if we are going to use our authori-  
16 ties to get the weapons from DOD and pass it through the  
17 Israelis to Iran.

18 Q Does that document seem to address the two options  
19 Sporkin had under consideration?

20 A Right, it does. I don't recall having any role  
21 in preparing that. Maybe George Jamison did. Some of the  
22 handwriting on it would appear to look like it is Sporkin's  
23 handwriting.

24 Q It appears to be something you would guess origin-  
25 ated at the CIA?

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1 A I don't know. I couldn't speculate on that.

2 Q Other than this meeting, where these logistics  
3 questions came up, and the meeting for which you have the  
4 one page of handwritten notes, were there any other meetings  
5 that you attended on January 17 on this subject that you can  
6 recall?

7 A Not that I can recall.

8 Q Do you recall which of the two meetings came first?

9 A The one -- I am not really sure I attended a second  
10 meeting to discuss the longer version of that thing called  
11 "milestones".

12 Q Could that have been the meeting attended by  
13 Juchniewicz, [REDACTED] and [REDACTED]?

14 A No. The meetings to discuss these two documents  
15 here on Exhibit 13 were held at the General Counsel's office

16 [REDACTED]  
17 Q There may have been a second meeting on this  
18 "milestones" document?

19 A I don't know. The meeting I attended with [REDACTED]  
20 was on the 22nd or 21st. It was on the 17th I got guidance  
21 from Sporkin, if there is anything more to do on this, you  
22 will be involved. That is consistent with the fact there  
23 were other things being done on the 17th to outline how to do  
24 things.

25 It seems logical he would have said, if there is

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1 anything to do, you go do it, Clark, and then I got a  
 2 call for a meeting on the 21st or 22nd, at which I have out-  
 3 lined for you I made one page of notes.

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1 Q What was the general purpose of the January 21 or  
2 22 meeting?

3 A I guess it was our people trying to figure out what  
4 they were supposed to be doing next.

5 Q Were you aware of Secord becoming involved, talking  
6 to CIA people at any time during January?

7 A I think that the meeting I went to on the 21st or  
8 22nd was the first time I heard Secord's name mentioned in  
9 connection with any of this.

10 After the meeting on the 21st or 22nd of January,  
11 I never heard another word about this until it broke in  
12 first the Lebanese press, Syrian press, and then subsequently  
13 the U.S. press in November of 1986.

14 Q And why did your involvement stop?

15 A Nobody called me for any advice.

16 Q Did that surprise you?

17 A Did it surprise me? No. For all I knew, I didn't  
18 know what happened to any of this stuff. It could have not  
19 come off, as far as I know.

20 Q Were you aware of any tow or Hawk part transactions?

21 A Absolutely nothing. I heard nothing about any  
22 of it. As a matter of fact, when the thing first broke, it  
23 took me a day to figure out that it was related to the same  
24 thing that I had been involved with back in January.

25 Because when it first broke, it broke as a mission McFarlane

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1 was involved in going to negotiating, and I never heard  
2 McFarlane's name in any of this, then I said wait a minute,  
3 and then they started talking about weapons involved, I said  
4 wait a minute, that sounded like something rings a bell.

5 BY MR. FEIN:

6 Q And the birthday cake and Bible was a giveaway?

7 A I said oh, no. You don't have to put that down.  
8 That is off the record. I think you have exhausted my knowledge  
9 of this thing.

10 BY MR. CAROME:

11 Q When the matter came to public light in November of  
12 1986, did you become involved in the pulling together of  
13 facts on the matter?

14 A To a very limited extent.

15 Q Could you explain what that was?

16 A Well, I think people asked for documents anybody had  
17 on this to be sent to a certain location. I pulled my  
18 documents together and sent them off to those locations.

19 Q Who did you send them to?

20 A George Jamison. By that time, Jamison has left the  
21 position he was working for me [REDACTED] and  
22 gone over to take Ernie Merrifield's position as DO counsel.  
23 So, Jamison was heavily involved in pulling together a  
24 chronology of everything that happened, and so, Doherty put  
25 out a notice anybody who has any documents on this, send them

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1 to Jamison.

2 So, I sent my documents to Jamison without making  
3 copies, which I later regretted. Then I couldn't find anything  
4 I had ever written. We had trouble locating these  
5 documents.

6 Q Did you participate in any meeting at this time in  
7 November 1986 where the story was trying to be pieced together?

8 A Oh, yes.

9 Q Who did you meet with?

10 A The General Counsel, and George Jamison, and there  
11 have been others.

12 Q Can you recall when those meetings took place?

13 A They took place throughout November of 1986.  
14 They took place specifically in the days prior to preparing  
15 a statement for the DCI to use when he came up to first  
16 testify on the Hill on the 21st.

17 Q Do you recall during those discussions preceding  
18 the Director's testimony whether the subject of CIA knowledge  
19 of a November 1985 Hawk shipment came up?

20 A Yes, I think it did.

21 Q Do you recall what was said on that subject?

22 A Well, the people who were preparing the statement  
23 were people who didn't have direct knowledge of everything that  
24 had happened, so when we started reviewing the draft statement,  
25 we found out there were gaps in the statement, we found out

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1 there were errors of fact in the statement, because they put  
2 somebody in charge of drafting the statement who wasn't involved  
3 in any of this.

4 So, we started pointing out to them, to the people who  
5 were involved in directing preparation of the statement, that  
6 there were errors.

7 Q Was one of the errors the question of whether or not  
8 the CIA knew about the Hawk shipment at the time?

9 A No, I think the error that I recall was the error  
10 that somebody said that CIA didn't know anything about any  
11 shipments until January of 1986.

12 Q That was wrong?

13 A Well, it turned out that as other people in the  
14 office started getting pieces of the story, they provided  
15 information to the General Counsel that indicated it was  
16 wrong, because he came into possession of information that  
17 indicated that there had been some kind of flight in November  
18 of 1985 that we had knowledge of, and there was a question  
19 of what was on that flight, and there was confusion as to who  
20 knew what was on the flight.

21 So, he became concerned about any statement that  
22 said we didn't know anything about any shipment of missiles  
23 until January of 1986.

24 Q When you say he?

25 A The General Counsel became concerned that that was

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1 mislaeding, so he got hold of the Director and it was changed.

2 BY MR. FEIN:

3 Q Wouldn't it have been true the November shipment  
4 was a shipment of Israeli tows, it wasn't in the November  
5 shipment any arms to the United States?

6 MR. CAROME: They were Hawks?

7 THE WITNESS: Hawks and parts. But Hawks are  
8 missiles, and the way the statement was drafted, I don't  
9 recall --

10 BY MR. FEIN:

11 Q They weren't United States missiles, that was all  
12 out of Israeli inventory, wasn't it?

13 A That may be the case, but the statement was drafted  
14 about when people in CIA had any knowledge of any shipment  
15 of missiles to Iran, and the statement said not until January  
16 of 1986.

17 Q

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21 A We interpreted it to mean U.S. missiles in which CIA  
22 may have played some kind of role.

23 Q They weren't U.S. missiles, weren't they Israeli?

24 A No -- well, they were in the possession of the  
25 Israelis. They may have been their property, but a Hawk missile

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1 is a missile made in the United States, so we consider them,  
2 I would consider it a U.S. missile, U.S.-origin missile.  
3 We weren't making this fine legalistic distinction when we  
4 were discussing the statement.

5 Here is a statement, said we didn't know anything  
6 about -- we basically interpreted when we first saw the  
7 statement as saying we didn't know anything about this until  
8 January of 1986. That was wrong.

9 BY MR. CAROME:

10 Q Could you mark that as the next Exhibit? This will  
11 be my last Exhibit, I promise.

12 (The following document was marked as Clarke Exhibit  
13 14 for identification:)

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and 7

1 BY MR. CAROME:

2 Q Mr. Clarke, I show you what has been marked as  
3 Exhibit 14, and ask you if you can tell me what that is?

4 BY MR. FEIN:

5 Q Could I back up one second? Who was it that prepared  
6 the initial draft of the Casey statement that you had to  
7 correct?

8 A My understanding is that a [REDACTED] prepared  
9 a chronology of events, of dates and just one-liners. That  
10 was given to somebody in the DDO's Office, and he was told,  
11 make this into a statement. Well, at that point in time, it  
12 was given to somebody who had no personal knowledge and no  
13 personal involvement of anything that had happened.

14 So, it is quite understandable that he is being  
15 given a job to do, he said what do I do now, so he is out  
16 there trying to put pieces together, and he is doing the best  
17 job he can, and he didn't have any knowledge of what was  
18 going on.

19 Q It was not prepared by someone who received his  
20 instructions from Director Casey?

21 A To my knowledge, absolutely not. Director Casey was  
22 out of town until the day before the actual hearing, and as  
23 a matter of fact, when we and the General Counsel's Office  
24 started reviewing these and started seeing how many times they  
25 were changed and how much additional information was coming in

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1 and how many unanswered questions there were, the General  
2 Counsel advised that the hearing be put off until we could get  
3 our act together and prepare a better statement, but the  
4 policy makers decided not to take that advice and they decided  
5 to go ahead, because there was a tremendous amount of pressure  
6 for a statement for somebody to get up there and explain  
7 things, even though the picture was unclear.

8 BY MR. CAROME:

9 Q Returning to Exhibit 14, Mr. Clarke, could you please  
10 tell us what that is?

11 A It is a memorandum that an attorney who worked for  
12 me prepared. It deals with some issues, legal issues related  
13 to what has transpired with respect to the shipment of arms  
14 to Iran.

15 Q And just so the record reflects what we are talking  
16 about, that is a memorandum dated November 19, 1986.

17 A Yes.

18 Q And do you know why it was that you asked that that  
19 be prepared?

20 A I think the General Counsel asked that we prepare  
21 a memorandum that addressed these issues.

22 Q Which issue is that?

23 A Well, the issues of whether or not there was a  
24 requirement to give prior notice, whether or not that the  
25 activities that occurred in November of 1986, 1985, required

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1 a finding, and similar issues related to reporting requirements.

2 Q Are you aware of any institutionalized process by  
3 which someone at the CIA monitors a finding for which there  
4 has been no notice to Congress, for the purpose of deciding  
5 when there ought to be notice to Congress?

6 A Well, since there has only been two occasions,  
7 only one within the last eight years, the answer is no,  
8 I am not aware of any institutionalized process, but in light  
9 of the fact that there has only been one of those in the last  
10 eight years, that really doesn't surprise me.

11 Nobody has had occasion to consider there should be  
12 an institutionalized process for it.

13 Q Do you know whose responsibility it is to worry  
14 about that?

15 A Well, that would depend in the first instance on what  
16 the President was supposed to say in the finding that the notice  
17 be withheld. If the finding said, I hereby direct the notice  
18 be withheld and not be given until I determine, or not  
19 be given until the DCI determines, then I think those officials  
20 have to take the responsibility for giving the go-ahead for  
21 notice to be given.

22 Q You are not aware of anyone at CIA doing any  
23 monitoring of this January 17 finding on the question of  
24 whether or not there ought to be some reporting to Congress,  
25 are you?

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1           A     I am not aware of what may have been done in that  
2 regard.

3           Q     Where are findings normally filed after they are  
4 signed?

5           A     Well, there are several copies usually filed out at  
6 CIA in various offices, the offices that have to deal with  
7 the program in question. The area division, the DO counsel  
8 office, the General Counsel's office, the Executive Registry,  
9 among others, the Comptroller's Office, the Office of  
10 Congressional Affairs.

11                   I think the original finding, original signed finding  
12 probably stays down at NSC staff.

13           Q     Do you have any idea why that normal filing procedure  
14 was not followed with respect to any finding relating to  
15 the Iran transactions?

16           A     Do I have any idea why?

17           Q     Yes.

18           A     I assume it was because it was a case where the  
19 President directed notice be withheld, they considered the  
20 subject matter of the finding to be sensitive, and because  
21 of security, they wanted to restrict dissemination of the  
22 information.

23           Q     Isn't it true that there are many matters that go  
24 on at CIA that are at least as sensitive if not more sensitive  
25 than this particular Iran arms initiative?

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1           A     Well, I certainly think there are a lot of sensitive  
2 activities that go on.

3                     BY MR. FEIN:

4           Q     Wasn't the distinct feature if there is disclosure,  
5 it would threaten the lives of the American citizens that made  
6 this unique, and was the reason as you pointed out why there  
7 had been no prior notification only once in eight years?

8           A     It is certainly reasonable to assume that?

9                     BY MR. CAROME:

10          Q     Isn't it always the case that there is sources, et  
11 cetera, whose lives are always at stake if there is disclosure?

12          A     Well, if you are talking about covert action matters,  
13 specifically, are you talking about all collection matters?

14          Q     Just generally, I am sure that I am speaking more  
15 generally.

16          A     Well, generally speaking, I have to say that  
17 great precautions are taken within the agency not to let  
18 true names of sources and assets and people involved cooperating  
19 with us get spread around very much.

20          Q     Yet, still the Executive Registry is a depository  
21 for documents that contain such things. I am trying to figure  
22 why it is such extraordinary non-filing occurred.

23          A     That is a good question. I don't think I can really  
24 help you on that.

25          Q     Other than the --

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1 A Do you have any more questions about this Exhibit 14?

2 Q No, I don't.

3 A Because I want to say this memo was done at the  
4 General Counsel's direction. I don't know that it has ever  
5 been approved by him. I don't know that it reflects the  
6 position of the Office of General Counsel, and I don't know  
7 that -- I would not want to say that it reflects my position.

8 Q Does it not reflect your position in some respects?

9 A I would have to go over it specifically. I just  
10 want to make it clear for the record that just because the  
11 memo is addressed to me does not mean that I endorsed the  
12 legal conclusion in the memo.

13 Q Are you presently aware of something in there that  
14 you don't endorse? I am not asking you to read it, because  
15 I am not sure it is worth the time involved. Is there something  
16 sticking out in your mind right now that is bothering you about  
17 the memo?

18 A Well, I can't say about the memo, but I can say that  
19 in the course of considering the applicability of legal  
20 requirements to certain things that transpired, there was not  
21 unanimity of opinion within the Office of General Counsel about  
22 whether or not the various legal requirements were met.

23 Particularly with respect to things that we were  
24 never advised of.

25 Q Such as?

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1           A     Such as flights that occurred in November that the  
2 Office of General Counsel was never advised in advance of  
3 and never asked to render an opinion on. So I don't want to  
4 get in the position of being just this memo is addressed to  
5 me having it appear that I endorse any of the conclusion,  
6 because I would want to consider each and every issue that  
7 could arise in that regard separately.

8           Q     Other than the one telephone conversation on January  
9 15 when you spoke with North, was there ever any other  
10 time that you spoke to North that you can recall?

11          A     Not about this subject.

12          Q     Was there anything relating to hostages that you  
13 spoke to him about?

14          A     No.

15          Q     Other than that conversation?

16          A     I don't believe so.

17          Q     What were the other conversations?

18          A     Other covert action programs.

19          Q     Not related to --

20          A     Not related to Iran or hostages.

21          Q     How frequently did you speak to him?

22          A     Infrequently. Not that I really spoke to him, but I  
23 was present at meetings where he was at.

24          Q     Were these meetings at the CIA?

25          A     No, they were down at the NSC staff.

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1 Q When did they occur? I don't want to get into the  
2 subject.

3 A They occurred in previous years. Nothing in 1985  
4 that I recall. It could have been 1984.

5 Q Okay.

6 Do you have calendars from the period, say, October  
7 1985 through February of 1986, available that we could have  
8 access to?

9 A Well --

10 Q I will split that into two questions. Do you know  
11 if you have them?

12 A I may. I usually keep calendars for a year. I think  
13 I recall looking at my calendars for this period, and there is  
14 nothing there. If I would get called to a meeting in Stan  
15 Sporkin's office on a priority basis, because he wanted to see  
16 me real quickly, I don't put it down in my calendar.

17 Q It may be, I guess I am not going to make the  
18 request right now, because I am not sure it is something we  
19 need to pursue. It may be that I will be getting in touch  
20 with the Congressional Affairs Office to talk about getting  
21 those.

22 A I don't even know --

23 Q It is just a question of trying to piece together  
24 dates through that critical time period. I don't think I have  
25 anything else.

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1 BY MR. FEIN:

2 Q I have a few lines I would like to follow up. Is it  
3 your understanding, George, that the way in which this covert  
4 operation was structured, that as it turns out, the middleman,  
5 so-called, Richard Secord, would be acting basically as an  
6 independent agent once he obtained the arms from the CIA,  
7 and that that is what caused you some concern, that is what  
8 made that kind of covert action somewhat out of the typical  
9 mold, was that he indeed would be acting without any  
10 direction, supervision, association with the Agency, once  
11 he provided the money to buy the arms?

12 A Well, I would have to say that based on the way the  
13 findings were, there seemed to be an authority for CIA to  
14 act through third parties in accomplishing any of the  
15 objectives of the finding, and General Secord seems to be  
16 a third party.

17 Q So, the answer is yes, that is what made that so  
18 irregular, that the middleman would be acting kind of  
19 independently on his own, and CIA would phase out, so-called,  
20 legally, once the arms shipments were given to the middlemen,  
21 even though I suppose it is possible that the middleman could  
22 have taken them to Japan or some other place.

23 A Well, I don't know that I can really answer that the  
24 way you have asked it because I don't know what the people  
25 who were involved in structuring this program may have said to

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1 him that they considered bound him to follow certain directions  
2 or guidelines.

3 Q In the use of weapons?

4 A That is right.

5 Q They could have sold the weapons on condition that  
6 Secord sell them to no other party than getting them to Iran?

7 A That is right.

8 Q And in fact, to your knowledge, once the arms  
9 transaction, you really didn't come back and become aware of  
10 anything once the finding was made in terms of operational  
11 details.

12 To your knowledge, was it unprecedented that the  
13 middleman here would sell arms and obtain the kind of mark-up  
14 that Secord was able to obtain?

15 A Well, I can't really answer that with respect to the  
16 mark-up question. I think I would have to say that I am not  
17 aware of any precedents for us using a guy like this to really  
18 to go out and sell the arms commercially sort of as a private  
19 individual.

20 Q Did it raise any legal qualms in your mind, or was  
21 it your understanding that once the Agency got all the money  
22 it bargained for from Secord, and was that amount 21 million,  
23 I think?

24 A Or 12-something.

25 Q That once the Agency got the money it bargained for

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1 that was all the money to which it was entitled, where the  
2 money went after that was not a legal issue for the Agency?

3 A I think the only legal issue for us is to make sure  
4 that we are going to get -- there is going to be a sales price  
5 on the arms that assures an amount of money coming back that  
6 will cover the cost of the arms to us.

7 It is very important to know what I think was  
8 contemplated by those who obviously were more intimately  
9 involved in structuring this, and setting it up as to what,  
10 if any, kind of arrangements they had with General Secord. I  
11 don't know that.

12 Q But the legal issue, once you got all the money  
13 you needed to cover, paid DOD, under the Economy Act for the  
14 arms, then legally, the CIA's obligations were satisfied; is  
15 that right?

16 A I guess I would have to say I think the answer is  
17 yes. I don't see anything legally wrong. I wouldn't see  
18 anything legally wrong with using a third party and allowing  
19 him to make a profit on the sale of arms if that were sort of  
20 a condition that we had to use, or live with in order to get  
21 him to.

22 Q To get his cooperation?

23 A Yes, to do the deal. It seems to me if we are going  
24 to use third parties to do these things, they are entitled to  
25 make something on the deal if they are in the business of doing

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1 this sort of thing.

2 Even if they are not in the business, they may  
3 decide to go in the business because of some particular access  
4 they have to a government that is of foreign policy interest  
5 to us.

6 Q Just one last line of questioning, George.

7 Are you aware of the Office of Legal Counsel opinion  
8 prepared at the Department of Justice that concludes that the  
9 President's findings, whether oral instead of writing,  
10 applicable retroactively, satisfied the legal requirements?

11 A I am not sure I understand what you asked.

12 Q Are you aware that the Attorney General and then  
13 later on initially gave advice that an oral finding as opposed  
14 to a written finding is sufficient to satisfy Hughes-Ryan,  
15 and I think Chuck Cooper, Assistant General for Legal Counsel,  
16 authorized a very lengthy opinion examining whether or not  
17 the President's notification and conclusions with regard to  
18 Hughes-Ryan satisfied the legal requirements, and concluded  
19 that it did.

20 A I am aware that there is an opinion written by the  
21 Department of Justice that deals with the question of the  
22 oral -- whether oral findings are permissible, and that it  
23 generally concludes that the way the notification issue was  
24 handled was appropriate and lawful or was lawful.

25 Q Is there any reason, do you disagree with those

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1 conclusions of the Department of Justice?

2 A I do not disagree with the conclusion that an  
3 oral finding is permissible, and that there is an authority  
4 for the notification to be handled the way the President  
5 directed it to be handled.

6 Q Do you disagree with other parts of the opinion?

7 A Well, I don't recall everything that the opinion  
8 dealt with, so I don't want to be put in the position of  
9 agreeing or disagreeing with parts that I didn't specifically  
10 recall or have not really addressed.

11 I do not think the opinion gets into this retroactive  
12 issue. Do you recall?

13 Q Well, I suppose one could conclude that retroactivity  
14 is not a problem insofar as one assumes that the President's  
15 oral finding, say, the oral finding that he made over the  
16 telephone with Mr. McFarlane, authorizing this Israeli shipment  
17 in September and October, the first shipments, was tantamount  
18 to an oral finding that all future arrangements were  
19 likewise intending to accomplish the same purpose, were likewise  
20 permissible, then you don't have a retroactive issue.

21 A I guess I would agree if in fact there were an oral  
22 finding, there shouldn't be any issue of retroactivity,  
23 meaning a retroactive written finding. When the facts support  
24 that there was an oral finding, I am not really in a position  
25 to say whether I agree with that or not, because I hadn't really

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1 followed it carefully, I haven't looked at the record carefully.

2 Q Let us just assume hypothetically that Mr. McFarlane's  
3 recommendation is correct in saying that the President called  
4 him and told him yes, he can give official approval.

5 A Well, I think there are some factual problems with  
6 that scenario, as I understand it. I mean, the  
7 statute applies to CIA and expenditures of CIA funds. If the  
8 President tells another staff officer or another Cabinet  
9 officer to go down and do something, he is not really directing  
10 CIA to do it.

11 If that guy turns around and comes to CIA and says,  
12 will you do this, I think there is a question whether the line  
13 of authority for the President to direct that really contemplates  
14 CIA was going to do it.

15 Q My own recollection is that the Department of Justice  
16 memorandum did not address the retroactivity issue.

17 A I don't think it does.

18 Q It simply goes to the question of oral findings. But  
19 let me ask on that point of retroactivity or not, had you  
20 discussed or done any research at length on the President's  
21 constitutional prerogatives and how they might override any  
22 statutory limitation on retroactivity findings, or was  
23 basically your research limited simply to an examination of  
24 the statutes, not considering whether they might have to bend  
25 to constitutional prerogatives?

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1           A     We never did any research in advance of this  
2 problem coming to light about this issue. We have done  
3 research on the constitutional prerogatives of the President  
4 with respect to holding prior notification, but we have never  
5 examined the issue of whether the President has any  
6 constitutional prerogative to override a statute passed by  
7 Congress which puts a condition, a condition precedent on  
8 the expenditure of funds by an agency.

9                     We have considered that. We haven't written anything  
10 about it since November of 1986, and it is at least my  
11 conclusion that there are problems with arguing that the  
12 President has constitutional prerogatives to override such  
13 a statute that amounts to putting a condition precedence on  
14 an agency to expend money.

15                    As I say, we haven't written anything on it, and in  
16 all of my time considering covert action issues, which goes  
17 back about 10 years or so, we have never had occasion to have  
18 to address this issue or have anybody suggest that there is a  
19 need to examine whether the President has authority to order  
20 an activity requiring the expenditure of money when the Congress  
21 has said that there should be a report, a finding and report  
22 before the money is spent.

23            Q     Well, you are aware of the Duran and Holland and  
24 other Supreme Court cases suggesting the President has an  
25 inherent constitutional authority.     Indeed, an obligation

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1 to save Americans who are held hostage abroad, indeed American  
2 property, and if you consider what would be the constitutionality  
3 of the Federal statute that told the President, you can't  
4 spend any Federal monies to accomplish the purpose that the  
5 Constitution requires you to undertake --

6 A Well, I think there is a different issue there.  
7 I think the issue is not so much whether or not that statute  
8 would prevent the President from doing that, as to whether or  
9 not the President would certainly be free to go ahead, he would  
10 have to make a report he made a certain kind of finding.

11 The fact that he has to make a report doesn't  
12 prohibit him from going ahead with it, or certainly the fact  
13 that he has to make a finding which he could choose to report  
14 or not doesn't prohibit him from going ahead with the  
15 activity.

16 Q But one could, I suppose, under those circumstances  
17 maybe get into semantics, the fact that the President did it  
18 is almost tantamount to the finding itself?

19 A The fact that the President did what?

20 Q Sought to rescue hostages would be tantamount to  
21 making the finding that the statute might require?

22 A Well --

23 Q Otherwise he wouldn't?

24 A I certainly would want to think long and hard about  
25 that before I decided to advocate that as the best position.

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1 Q I am not talking about policy, just when things  
2 go amiss, that is when we end up in court. That is the end.

3 BY MR. CAROME:

4 Q I have actually thought of a couple short questions.

5 Can you think of any purpose that was served from  
6 a legal point of view, either non-reporting or otherwise,  
7 by inserting a third-party agent such as Secord into the  
8 purchase and selling chain between the United States and --

9 A Any purpose?

10 Q Any legal purpose served by inserting Secord in the  
11 chain as a link in the chain between CIA and Israel and Iran  
12 on the sale of these toys? Did it help you out from a legal  
13 point of view at CIA, help the CIA out from a legal point  
14 of view in any way you can think of?

15 A I don't know. It might have made it possible to  
16 really carry the operation without any expenditure of CIA funds  
17 which would have to be budgeted for that purpose, and which  
18 might have to otherwise be appropriated, but I don't know  
19 how long they intended this thing would go on. I really can't.

20 Q But assuming that funds were going to be fully  
21 available for the missiles being purchased, the equipment  
22 being purchased, therefore, you can't have this monetary  
23 authorization problem, can you think of any other purpose from  
24 a legal point of view that would have been served by inserting  
25 Secord into the transaction?

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1 A I really can't be sure.

2 Q You can't think of any other?

3 A It might have made it easier to conduct the activity  
4 because the money that is going to be expended initially  
5 wouldn't have to be up-front government money because in  
6 accordance with the normal results, if we are going to have to  
7 take money out of the reserve, we would normally give  
8 notification, so if you could accomplish an activity which  
9 that didn't require money coming from the reserve, you would  
10 obviously not need to worry about other notification requirements  
11 that had been built up over time as a matter of policy.

12 Q Would it have helped you out in terms of any  
13 reporting requirement to have scored in the link, would it have  
14 made it more justifiable to not report?

15 A Once you have a finding that authorizes us to deal  
16 with him, I don't recall think it does. Once you go to the  
17 length of getting a Presidential finding to authorize us to  
18 be involved in procuring the weapons from DOD, then I don't  
19 think a third party relieves you of any obligations that  
20 you otherwise would have.

21 Q What do you think was driving the decision to include  
22 Secord in that?

23 A I can't tell you. I just have no way of knowing.  
24 Maybe he was in touch with people who had access to people in  
25 Iran who were going to be dealing on this matter. I have no

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1 way of knowing.

2 Q One concern you had about not following the Economy  
3 Act route, but following, say, perhaps -- let me rephrase  
4 the question -- one concern you had back in January of 1986  
5 was the consent and reporting requirements of the Arms  
6 Export Control Act and Foreign Assistance Act, if you were  
7 not going to follow the Economy Act route; is that right?

8 A I had a concern that if the idea was the missiles  
9 that had been shipped under Foreign Assistance Act provisions  
10 and given to a third country like Israel, I was concerned that  
11 transferring those weapons would create legal issues under  
12 those other statutes, the Foreign Assistance Act statutes,  
13 that required Presidential approval or Executive approval,  
14 and specifically issuing reporting to Congress.

15 Q Do you have an opinion, or do you have an opinion  
16 then about whether or not a covert action finding would be  
17 able to supersede those consent and reporting requirements?

18 A I didn't, I don't have an opinion on that. I didn't  
19 have an opinion then because I never was aware of any  
20 contemplation of a covert action finding that directed that  
21 missiles ~~was sent~~ sent to Israel be transferred to Iran.  
22 The thing I was working on was how can this be done in such a  
23 way to structure it so that we have the least amount of problem  
24 legally, that was to get weapons DOD already had that weren't  
25 subject to any Foreign Assistant Act provision and get those

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1 to CIA under the Economy Act, and then to transfer them through  
2 agents or whoever they were going to be using, or do it  
3 directly. I wasn't aware of the details of it at the time.

4 If you do it that way, you don't get into the Foreign  
5 Assistance Act provisions.

6 Q You were concerned that the Foreign Assistance Act  
7 provisions at least represented a potential obstacle to the  
8 transaction?

9 A If we were going to be taking missiles that were  
10 already in Israel and sending them to Iran, I was concerned  
11 about that.

12 Q You were concerned. I have no further questions.  
13 Thank you very much for coming down and talking to us.

14 (Whereupon, at 4:35 p.m., the taking of the deposition  
15 was concluded.)

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25 NOV 85

From [REDACTED] shorthand notes, 25 November 1985

I have been briefed on the efforts being made by private parties to obtain the release of Americans held hostage in the Middle East. I find it in the national interest to provide whatever assistance necessary to assist in that endeavor. Accordingly, I am directing the CIA to provide whatever assistance it can to those private parties in their attempt to achieve the release of the Americans held hostage. Such assistance is to include the provision of transportation, communications, and other support necessary to achieve this important objective. I understand that as part of these efforts certain foreign materiel and munitions may be provided to the Government of Iran which is taking steps to facilitate the release of the Americans held hostage.

Because of the extreme sensitivity of this operation, in the exercise of my constitutional authorities I order the Director of Central Intelligence not to brief the Congress of the United States as provided for in section 501 of the National Security Act of 1947, as amended, until such time as I may direct otherwise.

This written finding ratifies all actions taken by U.S. Government officials in furtherance of this effort.

GC EX 1

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Partially Declassified/Released on 22 June 1987  
under provisions of E.O. 12356  
by P. Reger, National Security Council

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DRAFT

Finding Pursuant to Section 662 of the Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I have been briefed on the efforts being made by private parties to obtain the release of Americans held hostage in the Middle East, and hereby find that the following operations in foreign countries (including all support necessary to such operations) are important to the national security of the United States. 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, as provided for in Section 501 of the National Security Act of 1947, as amended, until such time as I may direct otherwise.

SCOPE

Hostage Rescue - Middle East

DESCRIPTION

The provision of assistance by the Central Intelligence Agency to private parties in their attempt to obtain the release of Americans held hostage in the Middle East. Such assistance is to include the provision of transportation, communications, and other necessary support. As part of these efforts certain foreign material and munitions may be provided to the Government of Iran which is taking steps to facilitate the release of the American hostages.

All prior actions taken by U.S. Government officials in furtherance of this effort are hereby ratified.

Partially Declassified/Released on 22 June 1987  
under provisions of E.O. 12356  
by B. Reger, National Security Council

GC EXH 2

The White House  
Washington, D.C.

Date:

1130

CIIN 1119

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Exec. Order 13526

UNCLASSIFIED

1/6/86  
6 JAN 86

Exh 3

6 January 1986

MEMORANDUM FOR: [Redacted]  
Associate General Counsel

FROM: [Redacted]  
Office of General Counsel

SUBJECT: Third Country Transfer of Equipment Provided  
Under the Foreign Assistance or Arms Export  
Control Acta

1. A question has arisen under what circumstances a recipient of U.S. foreign military assistance can transfer military equipment provided through the foreign assistance mechanism to a third country. Two statutory provisions address this question: one in the context of grant assistance under the Foreign Assistance Act (FAA) and the second where the equipment was purchased by a foreign country under the Arms Export Control Act (AECA). Both Acts require Presidential consent to a third country transfer and certification to Congress where certain dollar amounts and specific types of equipment are involved.

FAA § 505, 22 U.S.C. § 2314(a) and (e)

2. In order to be eligible for military assistance on a grant basis, the recipient foreign country must agree that it will not transfer the equipment to another country without the consent of the President of the U.S. and that it will return the articles to the U.S. when they are no longer needed, unless the President agrees to other disposition. 22 U.S.C. § 2314(a)(1) and (4).

3. In considering a request for approval of any transfer by gift, sale or otherwise of any implement of war to a third country, the President shall not give his consent to the transfer unless the United States itself would transfer the defense article under consideration to that country. The President shall not give his consent to the transfer of any significant defense articles on the U.S. Munitions List unless the foreign country requesting consent agrees to demilitarize

Partial: [Redacted] 22 June 1987

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such defense articles prior to transfer, or the proposed recipient-foreign country provides a commitment in writing to the United States that it will not transfer such defense articles, if not demilitarized, to any other foreign country or person without first obtaining the consent of the President. (Consent authority was delegated to the Secretary of State in Executive Order 12263, § 1-201(a)(3), (4), and (5), September 19, 1979, 44 Fed. Reg. 56673.)

AECA § 3, 22 U.S.C. § 2753.

4. No defense article or defense service shall be sold or leased by the U.S. to any country or international organization unless the country or international organization shall have agreed not to transfer title to, or possession of, any defense article, unless the consent of the President is first obtained. The President shall not give his consent under this provision of AECA unless the U.S. itself would transfer the articles to that country. In addition, the President shall not give his consent to the transfer of significant defense articles on the U.S. Munitions List unless the transferring country agrees to demilitarize the equipment or the recipient nation agrees in writing that it will not further transfer the articles.

5. Under both the AECA and the FAA provision outlined above, the President must report a third country transfer to Congress after certain threshold requirements are reached. The President may not consent to a transfer of major defense equipment valued (in terms of its original acquisition cost) at more than \$14 million or any defense article valued at more than \$50 million (original acquisition cost) to a third country unless he submits a certification to the Speaker of the House and Senate Committee on Foreign Relations for congressional consent to the proposed transfer.

6. The written certification must contain (a) the name of the country proposing to make the transfer, (b) a description of the defense article or service proposed to be transferred, including its original acquisition cost, (c) the name of the proposed recipient, (d) the reasons for the proposed transfer, and (e) the date on which the transfer is proposed to be made. Such certification will be unclassified except that information regarding the dollar value and number of articles may be classified if public disclosure would be clearly detrimental to security of the United States. Consent to the transfer shall not become effective until 30 calendar days after the date of the submittal of the certification, and then only if Congress does not adopt a concurrent resolution disapproving the

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1953-1954. Note: Legislative history declares unconstitutional by Supreme Court in INS v. Chadha, 462 U.S. 913 (1983).

7. Functions of the President under this section, with certain exceptions inapplicable here, were delegated to the Secretary of State by E.O. No. 11958, January 18, 1977, 42 Fed. Reg. 4111. With respect to consent to a third country transfer, the Secretary of State is authorized to find, in consultation with other federal departments and agencies, whether the proposed transfer will strengthen the security of the U.S. and promote world peace.

## General Considerations

6. Both the FAA and AECA require that consent be given to a third country transfer of defense articles only if the U.S. itself would transfer the articles to that country. This caveat triggers a panoply of general policy considerations and specific prohibitions relating to foreign military assistance including:

- no assistance to Communist countries unless the President finds and reports promptly to Congress that (1) such assistance is vital to U.S. security; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will promote the independence of the recipient country from Communism (22 U.S.C. § 2370(f));
- no assistance to countries engaging in or preparing for aggressive military efforts directed against the U.S. or FMS recipient nations, unless the President determines that military efforts or preparations have ceased and he reports to Congress that he has received satisfactory assurances they will not be renewed. (No other FAA waiver provisions may be used.) (22 U.S.C. § 2370(i));
- no assistance to countries that grant sanctuary to international terrorists; unless the President determines the national security justifies such assistance and reports his finding to the Speaker of the House and the Senate Committee on Foreign Relations (22 U.S.C. §§ 2371, (FAA), 2753(f)(AECA); and
- no assistance to countries who have severed diplomatic relations with the U.S., or with whom the U.S. has

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referred diplomatic relations, unless diplomatic relations are resumed and agreements for assistance are entered into after the resumption of diplomatic relations (22 U.S.C. § 2370(c)).

- 4 -

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7 JAN 1987  
7:00 AM

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			07 JAN 87	
NO. PAGES	NO. OF ATTACHMENTS (CIA T.S. # of Attachment)	BRANCH, BADGE #, OR LOCATION		LOGGED BY
		OGC/ICA, [REDACTED]		cp
SUBJECT:				
I.F.				
CIA SOURCE INFORMATION ORIGINATOR		EXTERNAL SOURCE INFORMATION ORIGINATOR		
DIRECTORATE		OFFICE/BRANCH	AGENCY	CONTROL NUMBER
DCI		OGC/ICA		

**DEFENDANT'S EXHIBIT**  
4  
6-3-87

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	SIGNATURE	DATE	TIME	DATE	TIME	SIGNATURE	OFFICE/BRV	DATE	
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under provisions of E.O. 12356  
by N. Johnson, National Security Council

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BY (Signature)	WITNESSED BY (Signature)	BY (Signature)
DIRECTORATE & AREA OFFICE	DIRECTORATE & AREA OFFICE	DIRECTORATE & AREA OFFICE
DATE	DATE	DATE

5171

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108 J2, S2E

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JAN 11

WORKING PAPER

MEMORANDUM FOR General Counsel  
 FROM: George W. Clarke  
 Associate General Counsel  
 SUBJECT: Proposed Iran Finding (TS)

1. I believe there is sufficient legal authority to support a covert action Finding that would result in the transfer of military equipment to Iran for the purpose of (a) moderating Iran's hostile attitude toward the U.S., (b) preempting possible Soviet influence in the region, and (c) obtaining a hostage release. Such authority would be based upon a Presidential Finding under Hughes-Ryan that the operation is important to the national security, and upon the extraordinary authorities of the National Security Act. The Agency would purchase the equipment from DoD under the Economy Act and transfer the equipment abroad.

2. Attached are several memos prepared in the past on related issues. At Tab A are opinions of the Attorney General, the State Department, and this office stating there is authority for CIA to transfer equipment abroad outside the foreign assistance mechanisms. At Tab B is a 1983 memo that indicates there are no general prohibitions that would preclude CIA's sending equipment to Iran. I have confirmed that this is the case today. Further, I don't believe the Trading with the Enemy Act precludes the transfer, for two reasons. First, the Act itself makes trade unlawful unless conducted "with the license of the President." 50 U.S.C. App. § 3. Second, the Act simply was never intended to preclude acts of the Executive. Tab C contains two opinions on the inapplicability of the Neutrality Act to conduct sanctioned by the President that are relevant on this point.

3. One problem could arise, however, if the equipment to be transferred constitutes articles the U.S. has provided to a second country through the Foreign Assistance/Arms Export Control Acts. The memo at Tab D indicates a country may use material it has received through such U.S. foreign aid only for self defense and may retransfer it only in certain limited circumstances that require U.S. consent, notice to Congress, and the eligibility of the third country recipient for U.S. aid. Terrorist activities, among other things, can disqualify a potential recipient.

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4. Finally, as you know, Congress recently passed the Intelligence Authorization Act to require reports of weapons transfers valued in excess of 1 million dollars as significant anticipated intelligence activities "for the purpose of" and, therefore, in accordance with, section 501 of the National Security Act. A copy of the relevant language is at Tab E.

George W. Clarke

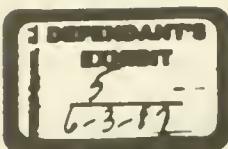
Attachments

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**DRAFT**  
 Destroy when complete  
 WORKING PAPER

0596

MEMORANDUM FOR: General Counsel  
 FROM: George W. Clarke  
 Associate General Counsel  
 SUBJECT: Proposed Iran Finding (TS [REDACTED])

1. I believe there is sufficient legal authority to support a covert action Finding that would result in the transfer of military equipment to Iran for the purpose of (a) moderating Iran's hostile attitude toward the U.S., (b) preempting possible Soviet influence in the region, and (c) obtaining a hostage release. Such authority would be based upon a Presidential Finding under Hughes-Ryan that the operation is important to the national security, and upon the extraordinary authorities of the National Security Act. The Agency would purchase the equipment from DoD under the Economy Act and transfer the equipment abroad.

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Executive Registry 7420

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4. Finally, as you know, Congress recently passed the Intelligence Authorization Act to require reports of weapons transfers valued in excess of 1 million dollars as significant anticipated intelligence activities "for the purpose of" and, therefore, in accordance with, section 501 of the National Security Act. A copy of the relevant language is at Tab E.

George W. Clarke

Attachments

2  
TOP SECRET [REDACTED]

Executive Registry 7421

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1/7/83  
7 JAN 83

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OGC 83-00176

7 2 1983

MEMORANDUM FOR: Stanley Sporkin  
General Counsel

FROM: W. George Jameson  
Assistant General Counsel

SUBJECT: Restrictions on Exports to Iran (S)

S.C.  
Exh. 6

1. At your request, I spoke with James H. Michel, a Deputy Legal Adviser at the Department of State, to determine if there are any legal restrictions on CIA's providing equipment to, or otherwise "trading" with, Iran. Based upon prior research and my conversation with Jim Michel, it is my conclusion that there are no legal prohibitions applicable to CIA. You should be aware that U.S. laws merely restrict the private transfer of defense articles on the U.S. Munitions Control List, although a general policy embargo is in existence to guard against actions that might violate U.S. neutrality in the Iran-Iraq conflict. (S)

2. The question arose because [REDACTED]

[REDACTED] Agency officials have stated the State Department has legal concerns because of a general embargo on transactions with Iran. Although I did not present any specific facts to Mr. Michel, and spoke of Iran only in general terms, he confirmed our view that the embargo is a matter of policy, and that the restrictions on transfers to Iran are those contained in U.S. export control laws, in particular the Arms Export Control Act. These laws do not prohibit all exports, but establish a licensing scheme for approval of exports by private parties on a case-by-case basis. The executive orders issued during the hostage crisis to prohibit virtually all commercial dealings with Iran have been rescinded. (S)

3. You may recall that last year the State Department's Legal Adviser addressed CIA's authority to transfer arms [REDACTED]

At that time we, State, and the Attorney General concluded that CIA's authorities under the National Security Act of 1947 enable the Agency to transfer arms notwithstanding arms control laws that might preclude such transfers if made by other parties. I did not raise this with Mr. Michel yesterday, but I believe the

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by B. Reger, National Security Council

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point is still valid. CIA is not subject to those legal constraints. (S)

4. Although there is no broad legal provision that would preclude CIA's passing defense articles to Iran in the course of an authorized intelligence activity

[REDACTED] Furnishing arms despite the U.S. position of neutrality in the Iran-Iraq conflict could be considered a non-neutral act and affect the legal dispute over U.S. refusal to export Iranian-owned military equipment currently in the United States. The U.S. position is that Iran does not meet the criteria for an export license under the Arms Export Control Act, in part because it is a belligerent in an international conflict with respect to which the U.S. has maintained neutrality. Agency dealings with Iran at this time could weaken the U.S. position. (S)

5. In conclusion there are no general legal restrictions that would preclude the CIA from providing equipment to Iran as proposed. Rather, the relevant constraints involve policy considerations that may have to be weighed before undertaking the activity proposed. (S)

*W. George Jameson*  
W. George Jameson

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5 Oct 81

Attorney General  
Washington, D.C. 20530

1600

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OCTOBER 5, 1981

The Honorable William J. Casey  
Director  
Central Intelligence Agency  
Washington, D.C. 20505

Re: CIA Exchange of U.S. Weaponry  
for [REDACTED] (S)

Dear Bill:

We have been advised by the State Department's Legal Adviser that the Foreign Assistance Act and the Arms Export Control Act were not intended, and have not been applied, by Congress to be the exclusive means for sales of U.S. weapons to foreign countries and that the President may approve a transfer outside the context of those statutes. Accordingly, I believe the exchange for [REDACTED] may be legally completed, based upon a determination by the President that these Acts cannot be used and that the authorities of the Economy Act and National Security Act may be utilized to achieve a significant intelligence objective. In order to satisfy the Congressional reporting requirements imposed on the Secretary of Defense under DoD Appropriations Authorization Acts (10 U.S.C. 133, Note) and on you by the Intelligence Oversight Act of 1980 (50 U.S.C. 413), the House and Senate Intelligence Committees should be informed of this proposal and the President's determinations. (S)

Sincerely,

Bill

WILLIAM FRENCH SMITH  
Attorney General

Partially Declassified/Released on 15 July 1987

Under provisions of E.O. 12356

By B. Roper, National Security Council

3017

Classified by Derivative: State Department  
Memorandum of Law, October 2, 1981.

Review for: Declassification: 10/2/2001.

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13 Jan 1986DEPOSITION  
EXHIBIT

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6-2-87

The Israelis are moving ahead on their Tow for Hostage deal with the Iranians. You will recall that in Sporkin's legal analysis there were two options: one for DoD to do it directly with the Israelis, the other to do it through CIA. Sporkin feels that the most defensible way to do it from a legal standpoint is through CIA. We prefer keeping CIA out of the execution even though a Presidential Finding would authorize the way Defense would have to handle the transactions.

Under this option, the idea was that the Israelis would buy the improved version of the Tow and ship to the Iranians the basic Tows they now have. The Israelis would then replace those basic Tows by buying the improved version. Unfortunately, there is not enough money available to do this. The Iranians have placed \$22 million in an account in Switzerland. This is enough for the basic Tows, but for the Israelis to buy the improved version it would cost about \$44 million.

Therefore, they want to use the second option under which CIA would buy 4,000 basic Tows from DoD for \$21 million. As far as Defense is concerned these purchases would be for general CIA uses [REDACTED]

[REDACTED] The money for the Iranian account would be transferred to the Israelis. The Israelis would transfer that money to a CIA account to pay for this purchase of the Tows from DoD, the shippers would move the Tows to the Israelis who would then move them on to the Iranians. The Israelis would keep their basic Tows and the problem of upgrading them to the new Tows would be handled in the normal DoD-Israeli relationship.

I am told that time is of the essence in getting this done [REDACTED] the situation in Lebanon is deteriorating so that any delay reduces the prospects of getting the hostages out of Lebanon. [REDACTED]

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by K. Johnson, National Security Council

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Exhibit 1: 32,390

1338

15 JAN 86

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CONTROL AND CONTROL NUMBER OF SOURCE DOCUMENT COLLATERAL

CIAT'S CONTROL NUMBER OCC TS0821-86	CIAT COPY NUMBER 1 of 1	DOCUMENT DATE 15 Jan 86	DATE RECEIVED 15 Jan 86
NO. PAGES 2	NO. OF ATTACHMENTS None	BRANCH, BAGGEE, OR LOCATION OGC/ICA, [REDACTED]	LOGGED BY cp
SUBJECT MFR - T. C. f. GC R. A. t. P. w. t. T. P. F. t. P. F.			

CIA SOURCE INFORMATION ORIGINATOR		EXTERNAL SOURCE INFORMATION ORIGINATOR		
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BY (Signature)	WITNESSED BY (Signature)	BY (Signature)
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DATE	DATE	DATE

5174

FORM 26 OBSOLETE PREVIOUS EDITIONS

CIIN #101

UNCLASSIFIED



**UNCLASSIFIED**15 January 1986  
1440 Hours**MEMORANDUM FOR THE RECORD****FROM:** George W. Clarke  
Associate General Counsel**SUBJECT:** Telephone Call from General Counsel Regarding  
Authority to Provide Weapons to Third Parties Pursuant  
to Presidential Findings

1. At approximately 1420 hours today I received a secure line telephone call from the General Counsel. He wanted to discuss whether I saw any problems or reporting requirements with a proposal to have DoD provide weapons to a CIA "agent" who would pay for the weapons with money supplied by a friendly third country. The agent would then supply the weapons to the intended recipient country. The agent would have no connection with CIA other than to act as a "middle man" with our authority.

2. I told the General Counsel that I would feel more comfortable if CIA were directly involved in the activity and that it would be essential that we act in furtherance of a traditional covert action objective. I said that I could foresee problems if this activity were merely intended to rotate a specific country's stock of weapons. (We had been considering since 10 January a proposal to provide missiles to Israel that would, in part, be to secure the return of U.S. citizens held by or under the control of Iran. As originally explained, Israel would keep the newer missiles supplied by us and give Iran older missiles currently held by Israel. According to the General Counsel, this activity was authorized by a signed Presidential Finding which he worked out with Oliver North on 10-11 January 1986.)

3. Despite repeated urgings to concur in variations that would have DoD provide the weapons without other than token CIA involvement, I did not do so. (At one point, Mr. North came on the line to "clarify" the hypothetical facts for me and then put Stan Sporkin back on the line.) I had previously urged both the General Counsel and Deputy General Counsel to obtain a copy of the Presidential Finding from Mr. North so we could determine what was intended to be authorized. These efforts proved unsuccessful.

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under provisions of E.O. 12356  
by K. Johnson, National Security Council

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Copy 1 of 1

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4. I repeatedly told the General Counsel that I could not make the legal determination he was seeking without the facts. Before I changed offices (I was in the middle of a meeting when the General Counsel called) George Jameson overheard my remarks to this effect.

*GWC*

George W. Clarke

11 March 1986

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11/15/86  
15 JAN 86

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EX #10

TRANSMITTED TO		DATE	IS	DATE	BY
TO THE DIRECTOR					
ROOM NO.	BUILDING				
REMARKS					
<p>8:11:</p> <p>Here are the talking points you asked me for today.</p> <p style="text-align: right;">Stanley Sporkin</p>					
FROM:					
ROOM NO.	BUILDING	EXTENSION			
FORM NO. 1 FEB 58 241		REPLACES FORM 264 WHICH MAY BE USED			

1140

Partially Declassified/Released on 22 June 1987  
under provisions of E.O. 12356  
by G. Reger, National Security Council

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CIIN #109

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UNCLASSIFIED TOP SECRET

FORM 100-10 (REV. 1-78)

CONTROL AND ACCOUNTABILITY OF TOP SECRET INFORMATION

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CLASSIFIED INFORMATION      INTERNAL SOURCE INFORMATION

OFFICE OF      OFFICE OF

DCI      OGC/ICA

AGENCY      CONTROL NUMBER      OFFICE

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	<i>[Signature]</i>										
	<i>[Signature]</i>										

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TO	BY (Signature)	TO
	WITNESSED BY (Signature)	BY (Signature)
& AREA OFFICE	DIRECTORATE & AREA OFFICE	DIRECTORATE & AREA OFFICE
DATE	DATE	DATE

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DDI-86-0067  
15 January 1986

## TALKING POINTS

- Whether existing statutes and regulations control the manner and method in which the DoD can sell weapons to third parties is an issue that DoD must determine. From a CIA standpoint, since there is a presidential finding, CIA is authorized to assist in the obtaining of the materiel in question. If CIA actually took control of materiel through an Economy Act transfer by DoD, this would seem to be the preferred way to handle the proposal from a legal standpoint. This would provide the maximum use of CIA authorities.
- If CIA merely acts as an accommodation party and, in effect, requests DoD to deal with a particular agent, this might also be proper but it would be up to DoD to tell us whether their authorities would allow such a transaction outside of the Economy Act. We have found no such precedent.
- The key issue in this entire matter revolves around whether or not there will be reports made to Congress. Each of the Acts involved--the Foreign Assistance Act, the Arms Export Control Act and indeed the National Security Act as amended--have certain reporting provisions in them. While the National Security Act provides for a certain limited reporting procedure, it is my view that there may be other ways of making a suitable report by exercise of the President's constitutional prerogatives.
- One such possibility would be not to report the activity until after it has been successfully concluded and to brief only the chairman and ranking minority members of

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the two Oversight Committees. This would reduce the reliability of the report and reduce the possibility of its premature disclosure.

- In this way, you will have limited the number of persons having access to the information and also be assured that there will be no disclosure of the information until after the activity has been successfully completed. I repeat again that it is the various reporting requirements that seem to be dictating how we can proceed. If there can be an agreement that a report will be made, it minimizes the risk inherent in any such undertaking, and the way that the project is carried out can then be put on a less fractious basis.
- Finally, whatever plan is adopted, such action should be taken only after it has been discussed with the Attorney General, the Secretary of Defense, the Secretary of State, and the Assistant to the President for National Security Affairs.

1/ As you know, the Act itself provides for a report to be limited to the chairman and ranking minority members of the intelligence committees, the Speaker and minority leader of the House of Representatives, and the majority and minority leaders of the Senate.

OGCR TS 0802-86  
Copy 1 of 2

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1/6/86  
6 JAN 86  
N 8080

Finding Pursuant to Section 662 of  
The Foreign Assistance Act of 1961  
As Amended, Concerning Operations  
Undertaken by the Central Intelligence  
Agency in Foreign Countries, Other Than  
Those Intended Solely for the Purpose  
of Intelligence Collection

Partially Declassified/Released On 02/14/94  
Under provisions of E.O. 12958  
by S. Regier, National Security Council

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and due to its extreme sensitivity and security risks, I determine it is essential to limit prior notice, and direct the Director of Central Intelligence to refrain from reporting this Finding to the Congress as provided in Section 501 of the National Security Act of 1947, as amended, until I otherwise direct.

SCOPE

DESCRIPTION *and other parts*

Iran

Assist selected friendly foreign liaison services and third countries, which have established relationships with Iranian elements, groups, and individuals sympathetic to U.S. Government interests and which do not conduct or support terrorist actions directed against U.S. persons, property or interests, for the purpose of: (1) establishing a more moderate government in Iran, (2) obtaining from them significant intelligence not otherwise obtainable, to determine the current Iranian Government's intentions with respect to its neighbors and with respect to terrorist acts, and (3) furthering the release of the American hostages held in Beirut and preventing additional terrorist acts by these groups. Provide funds, intelligence, counter-intelligence, training, guidance and communications and other necessary assistance to these elements, groups, individuals, liaison services and third countries in support of these activities.

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 with arms, equipment and related materiel in order to enhance the credibility of 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. This support will be discontinued if the U.S. Government learns that these elements have abandoned their goals of moderating their government and appropriated the materiel for purposes other than that provided by this Finding.

EX # 11

The White House  
Washington, D.C.  
Date: 6 January 1986

~~TOP SECRET~~  
TOP SECRET

OGCR TS 0801-86

*Ronald Reagan*  
1135

17 JAN 86

**UNCLASSIFIED**

N 8085

Finding Pursuant to Section 662 of  
The Foreign Assistance Act of 1961  
As Amended, Concerning Operations  
Undertaken by the Central Intelligence  
Agency in Foreign Countries, Other Than  
Those Intended Solely for the Purpose  
of Intelligence Collection

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and due to its extreme sensitivity and security risks, I determine it is essential to limit prior notice, and direct the Director of Central Intelligence to refrain from reporting this Finding to the Congress as provided in Section 501 of the National Security Act of 1947, as amended, until I otherwise direct.

SCOPE

DESCRIPTION

Iran

Assist selected friendly foreign liaison services, third countries and third parties which have established relationships with Iranian elements, groups, and individuals sympathetic to U.S. Government interests and which do not conduct or support terrorist actions directed against U.S. persons, property or interests, for the purpose of: (1) establishing a more moderate government in Iran, (2) obtaining from them significant intelligence not otherwise obtainable, to determine the current Iranian Government's intentions with respect to its neighbors and with respect to terrorist acts, and (3) furthering the release of the American hostages held in Beirut and preventing additional terrorist acts by these groups. Provide funds, intelligence, counter-intelligence, training, guidance and communications and other necessary assistance to these elements, groups, individuals, liaison services and third countries in support of these activities.

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 with arms, equipment and related materiel in order to enhance the credibility of 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. This support will be discontinued if the U.S. Government learns that these elements have abandoned their goals of moderating their government and appropriated the materiel for purposes other than that provided by this Finding.

Partially Declassified/Released on 11 Feb 88  
under provisions of E.O. 12356  
by K. Johnson National Security Council

5175

DEPOSITION  
EXHIBIT  
CC-12  
1-9-80

The White House  
Washington, D.C.  
Date January 17,

OCR TS 0801-86  
Copy 1

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E-23  
12/17/85  
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17 JAN 86  
CG-4068M-3

## M I L E S T O N E S

- I. Executive decision to proceed.
- II. Negotiations with the accommodating 3rd party and ultimate recipient regarding shipment, delivery and payment.

Possible scenarios:

1 0405

Arrange transportation/shipment with cooperating intermediary.

Equipment will not be shipped directly to X, but to a cooperating intermediary.

The Agency will receive payment in advance from X for one-quarter of the equipment.

The Agency will procure and deliver to X one-quarter of the equipment.

After X receives one-quarter of the equipment, X will turn over to the Agency the materials it has been holding.

X will then provide the Agency with funds for the remaining three-quarters of the equipment which will then be procured by the Agency and delivered to X.

Funds will be transferred by X from its Swiss bank account to a foreign bank account established by the Agency but with no Agency overt connection.

Funds will be transferred from the Agency's foreign bank account to the military in a manner consistent with the military needs.

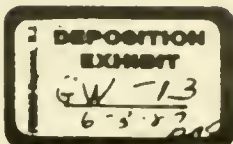
- III. CIA initiates Economy Act Transaction with DOD (statutory authority attached)

## A. Prepare Economy Act Agreement

- 1) Oral or written

Discussions with military to ascertain how it needs to book this transaction with respect to sale of its equipment and receipt of payment for the equipment.

Partially Declassified/Revised on 11 Feb 86  
under provisions of E.O. 12816  
by K. Johnson, National Security Council



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- 2) What level within DOD
- 3) Overt or classified transaction
- B. Arrange for delivery of equipment to CIA custody.  
Establishment of shipment mechanism and necessary liaison with military.
  - 1) From where to where
  - 2) Mode of transport
  - 3) Schedule of delivery
- C. Agreement as to method and timing of payment to DOD
  - 1) Type of payment (cash or check)
  - 2) What will be the recipient DOD agency
- IV. CIA initiates positioning<sup>U</sup> or delivery of equipment to ultimate recipient
  - A. Nature of activity
    - 1) Overt - (military transport to accommodating party)
    - 2) Covert - Proprietary
  - B. Prepare for equipment movement
    - 1) Location of deliveries
    - 2) Schedule of deliveries
    - 3) Mode of transportation (black or white)
      - DOD transport
      - Agency owned aircraft (Proprietary)
      - Commercial (charter)
    - 4) Number of shipments
  - C. Prepare for movement of funds
    - 1) Establish throw-away bank account for receipt of funds for procurement

1 0406

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- a. (Who will do it)
  - b. (Where)
  - c. (Nature of Account)
    - 1. Proprietary account
    - 2. Non-proprietary account
    - 3. Corporate/personal account | 0407
  - d. Role of Office of Finance
- V. Prepare plan for receipt of reciprocal items
- VI. Prepare plan for shipment of remainder of equipment and receipt of balance of funds

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**UNCLASSIFIED**17 January 1986  
2:00 DRAFT

1. Equipment will be procured by the Agency from military and in turn delivered to X.
2. Equipment will not be shipped directly to X, but to a 0408 cooperating intermediary.
3. The Agency will receive payment in advance from X for one-quarter of the equipment.
4. The Agency will procure and deliver to X one-quarter of the equipment.
5. After X receives one-quarter of the equipment, X will turn over to the Agency the materials it has been holding.
6. X will then provide the Agency with funds for the remaining three-quarters of the equipment which will then be procured by the Agency and delivered to X.
7. Funds will be transferred by X from its Swiss bank account to a foreign bank account established by the Agency but with no Agency overt connection.
8. Funds will be transferred from the Agency's foreign bank account to the military in a manner consistent with the military needs.
9. Equipment will be shipped out black:
  - A. Agency procured charter.
  - B. Existing Agency-owned aircraft.
  - C. Military transport (requires discussion with military).

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## TO BE DONE:

1. Discussions with military to ascertain how it needs to book this transaction with respect to sale of its equipment and receipt of payment for the equipment.
2. Establishment of Agency foreign bank account for receipt of funds for procurement.
  - A. (Who will do it)
  - B. (Where) 1 0409
  - C. (Nature of Account)
    1. Proprietary account.
    2. Non-proprietary account.
    3. Corporate/personal account.
  - D. Role of Office of Finance.
3. Establishment of shipment mechanism and necessary liaison with military.
4. Arrange transportation/shipment with cooperating intermediary.

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**SECRET**

UNCLASSIFIED  
SECRETOPTIONS

1. Use CIA authorities to acquire new weapons from DoD and then pass them through Israelis to Iran.

Pros

- There's precedent/authority *S, J, A* | 0410
- No PMS reports needed
- No unnecessary overlap between PMS and covert action
- It's a straight covert action operation

Cons

- Failure to report raises political sensitivities

2. Have Israelis pass the weapons they have and we replace them with new ones.

Pros

- Argue it's all covered by the Finding (Israel acting only for U.S.)
- Don't report under PMS because it would frustrate intent to use covert action
- Argue Presidential authorities are broad enough to handle situation not contemplated by current law

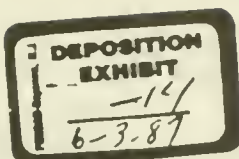
Cons

- Means withholding notice under two laws instead of one (i.e. PMS and oversight act)
- This will mean passing weapons covertly even though they've already been subject of public discussion under PMS

3 USA OF FOREIGN WEAPONS

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19 NOV 86

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19 November 1986

MEMORANDUM FOR: George W. Clarke  
Associate Deputy General Counsel

FROM: Kathleen M. Watson  
Office of General Counsel

SUBJECT: Legality of DCI's Withholding Prior Notice  
of Agency's Expenditure of Funds for  
Transportation and Travel Costs Related to  
the Transfer of Military Equipment to Iran

Partially Declassified/Released on 11 FEB 88  
under provisions of E.O. 12356  
by K Johnson, National Security Council

5177

1. Background: Pursuant to a Presidential Finding, the Agency has participated in a covert operation in which arms were shipped to Iran. The President ordered the Director of Central Intelligence (DCI) not to inform the intelligence committees of this operation due to the extreme sensitivity generated by contacts with Iran. The intelligence committees are now challenging the legality of the Agency's action, claiming that the Agency employed its funds to meet transportation and travel expenses related to the arms transfer and that this expenditure was not specifically authorized as required by section 502(a) of the National Security Act of 1947. It is the opinion of this Office that the funds were specifically authorized by the Congress for the purpose for which they were employed and that the President, pursuant to his constitutional prerogative, had the authority to direct the DCI to withhold prior notification of the covert operation pursuant to section 501(a)(1) of the National Security Act of 1947. <sup>1/</sup>

2. Inapplicability of Section 502(a)(3) of the National Security Act of 1947: The intelligence committees have asserted that the DCI was obligated, pursuant to section 502(a)(3), to notify the intelligence committees of his intention to make funds available to meet transportation and travel expenses which were incidental to the recent United States arms transfers to Iran. The notification requirement contained in section 502(a)(3) applies only when the DCI intends to employ funds for a program which is different from the program for which the funds were specifically authorized

<sup>1/</sup> The applicable statutory provisions are attached.

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by the Congress. H.R. 106, 99th Cong., 1st Sess. (1985). In the situation at hand, the Agency used funds contained in the Near East [redacted] operating budget. Congress specifically authorized the funds in the Near East [redacted] budget for [redacted]

Because the Agency spent the relevant funds on [redacted] activities related to Iran (transportation and travel costs involved in the arms transfer), the Agency, in fact, spent its money on the same type of activity for which the funds were specifically authorized by Congress. Thus, section 502(a)(3) does not apply in this situation because the Agency did not spend its funds on a different activity than the one for which those funds were specifically authorized. Accordingly, the DCI was not obligated to report this expenditure to the intelligence committees pursuant to section 502(a)(3).

### 3. Applicability of Limitation on Prior Notice Contained in Section 501(a)(1) of the National Security Act of 1947:

Section 501(a)(1) requires the DCI to give Congress prior notification of all covert operations to the extent such notification is consistent with the President's constitutional duties and authorities. Section 501(a) governs the situation at hand because the disputed transportation expenses were part of a covert operation; therefore, the DCI would have been required to give prior notice to Congress had the President not exercised his constitutional authority. The legislative history of section 501 clearly indicates that the President may decide to act without prior notice in those rare situations in which prior notice is impracticable due to the time delays involved. S. Rept. No. 96-730, 96th Cong., 2nd Sess. at 9 (1980). The President, in this situation, ordered the DCI to withhold prior notice due to the extreme sensitivity of contacts with Iran. Accordingly, the DCI did not violate the letter or spirit of section 501(a) by withholding from Congress prior notice of the expenditure of funds for travel expenses related to the arms transfer due to the implicit recognition in section 501(a) that the President has the constitutional authority to direct the DCI to withhold prior notice of covert actions.

### 4. Conflict Between Reporting Requirements Contained in Section 501(a) and Those in Section 502(a): In the event section 502(a)(3) were applicable in this situation because funds were employed for a different activity than that which was specifically authorized by Congress, there would be a direct conflict between the reporting obligations contained in section 502(a) and those in section 501(a). Section 502(a)(3) requires the DCI to notify the oversight committees when funds specifically authorized by Congress are employed for a different activity than that which was specifically

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authorized. Section 501(a), on the other hand, indicates that prior notification of covert operations may be withheld from Congress in those very rare circumstances where the President exercises his constitutional prerogative.

5. Both the legislative history and language of section 502(a) and the report language discussing section 103 of the Intelligence Authorization Act for FY 1983 <sup>2/</sup> indicate that when the reporting obligations set forth in sections 501(a) and 502(a) conflict, the result mandated by section 501 should prevail. The clear language of section 502(a)(2) indicates that when funds are withdrawn from the Reserve for Contingencies to use for an intelligence or intelligence-related activity, the DCI is to notify the intelligence committees in a manner which is consistent with the provisions of section 501. Therefore, section 502(a)(2) explicitly states that in case of a conflict between the reporting obligations contained in section 501(a) and 502(a)(2), the result mandated by section 501(a) is to prevail.

6. Because the Executive has maintained his position regarding the supremacy of the reporting requirements set forth in section 501 since before the enactment of section 502, general principles of understanding and construction lead one to conclude that section 501 maintained its preeminent position after the enactment of section 502. According to the Conference Report on the Intelligence Authorization Act for FY 1986,

concern was expressed that extremely unusual circumstances could be imagined in which prior notice to congressional committees of an activity might not be required by Section 501 of the National Security Act of 1947, but the method of funding the activity might require prior notice to congressional committees under Section 502 . . . . If [such an issue should arise], resolution of the issue should be guided by the principles of comity and mutual understanding as set forth in the statement of managers accompanying the conference report which included Section 501 of the National Security Act. H.R. 373, 99th Cong., 1st Sess. (1986). <sup>3/</sup>

The principles of construction and interpretation clearly indicate that the result mandated by section 501 should prevail because it is simply illogical to say that when the source of funds employed for an intelligence activity is the contingency reserve, the reporting obligations of section 501(a) are supreme; and, that when the source of funds is funds

<sup>2/</sup> Section 103 of the Intelligence Authorization Act for FY 1983 was the predecessor to section 502(a)(1).

<sup>3/</sup> The EPSCI report on the fiscal year 1983 Intelligence Authorization Bill, the Bill enacting section 103 which was the predecessor to section 502, raised the identical concern and suggested the same resolution of the potential conflict.

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specifically authorized for a different activity, the reporting obligations of section 502(a)(3) prevail. The principles of interpretation and the mutual understanding achieved, as indicated in the congressional reports, certainly mandate that in the case of either conflict, the resolution of the conflict should be the same, and that is the resolution set forth in section 501, as explicitly mandated by the language of section 502(a)(2). In addition, even if section 502(a)(3) were applicable in this situation, the President had the constitutional authority, as acknowledged in section 501(a), to direct that prior notification of the covert operation be withheld from Congress. Moreover, the recognition in a statute of a constitutional authority of the President is not a condition precedent to his exercise of that authority.

7. Although a portion of this memorandum is dedicated to explaining the resolution of the potential conflict posed by the reporting requirements contained in sections 501(a) and 502(a), it is necessary to reemphasize that section 502(a)(3) does not apply to the situation at hand. First of all, the funds were employed for a program for which Congress had specifically authorized funds. Furthermore, in the event this was an NSC-mandated country covert action program, the reprogramming guidelines indicate that congressional notification is required only when a reprogramming increases or decreases funding for the activity. No increase or decrease in funding for the covert operation occurred as a result of the Agency expenditures at issue. In the event the program at issue was not an NSC-mandated country covert action program, then the intelligence committees' standing reprogramming guidelines may apply. Because the expenditure of funds used to meet costs involved in the arms transfer to Iran could be considered an item of special congressional interest or an action which, if disclosed, could have significant international policy implications, the guidelines would suggest that the committees be notified. However, it is the opinion of the Office of General Counsel that these guidelines do not have the force and effect of law because they are only contained in the text of congressional reports. Because report language is not law, the Agency is not legally obligated to follow the guidelines suggested in the congressional reports. Therefore, the DCI did not violate section 502(a)(3) by withholding prior notification of the expenditure of Agency funds. ||

8. Conclusion: The DCI did not violate the letter or spirit of section 502(a)(3) by withholding prior notice from Congress of the expenditure of Agency funds to meet transportation costs which were incidental to the arms transfer to Iran. Section 502(a)(3) is inapplicable because the source of the funds used to meet travel and transportation costs was the Near East [REDACTED] operating budget. The funds

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contained in that budget were specifically authorized by Congress for [REDACTED]. The transportation and travel expenses were expenses incident to [REDACTED] activities related to Iran and, thus, the funds were not used for an activity different from that for which the funds were specifically authorized by Congress. Even in the event that section 502(a)(3) did apply in this situation, the DCI would still not have been required to give prior notification of the activity to Congress, as it is unclear whether the reprogramming guidelines would have required congressional notification of this expenditure. Moreover, the principles of interpretation and the mutual understanding achieved prior to the enactment of section 502 dictate that in the case of conflict between the reporting obligations contained in sections 501(a) and 502(a), those obligations contained in section 501(a) prevail. Section 501(a) implicitly recognizes that, in very rare circumstances, the President has the constitutional prerogative to direct the DCI to withhold prior notice of covert operations. The President, in this situation, exercised his constitutional prerogative in order to protect the extreme sensitivity of contacts with Iran and the DCI merely followed this legally permissible executive direction.

Kathleen M. Watson

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# LITERATURE

[The following text is extremely faint and illegible due to low contrast and blurring. It appears to be a list of literary works or a table of contents.]

DINKEL/mag

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DEPOSITION OF  
DEWEY R. CLARRIDGE

5

8

Select Committee to Investigate  
Covert Arms Transactions with  
Iran,  
U.S. House of Representatives,  
Washington, D.C.

7

8

9

Monday, April 27, 1987

10

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The deposition convened at 9:50 a.m., in Room B-352,

14

Rayburn House Office Building.

15

Present: W. Neil Eggleston, Deputy Chief Counsel;

16

George Van Cleve, Deputy Minority Counsel; and Richard Giza,

17

Professional Staff Member, House Select Committee to

18

Investigate Covert Arms Transactions with Iran.

19

Paul Barbadoro, Deputy Chief Counsel; and Thomas

20

Polgar, Investigator, Senate Select Committee on Secret

21

Military Assistance to Iran and the Nicaraguan Opposition.

22

Kathleen A. McGinn, Assistant General Counsel,

23

Office of General Counsel; and John Rizzo, Deputy Director,

24

Office of Congressional Affairs, Central Intelligence Agency.

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3454

Declassify and release on Aug 14, 1987  
Under provisions of E.O. 12812  
by U.S. Dept. of Justice, Security Council

**UNTOP SECRET**

2

1 whereupon,

2 DEWEY R. CLARRIDGE

3 was called as a witness and, having been duly sworn, was  
4 examined and testified as follows:

5 EXAMINATION

6 BY MR. EGGLESTON:

7 Q Mr. Clarridge, so the record is clear, I am  
8 Neil Eggleston, Deputy Chief Counsel of the House Select  
9 Committee to Investigate Covert Arms Transactions with  
10 Iran.

11 Also present from the House Committee today is  
12 George Van cleve, Chief Minority Counsel, and Dick Giza,  
13 who is Associate Staff with our committee at present, and  
14 he is also, as you know, a staff member with the House  
15 Intelligence Committee. Paul Barbadoro, Deputy Chief  
16 Counsel of the Senate Select Committee, should be here  
17 shortly.

18 I intend to ask you background questions until he  
19 gets here.

20 This inquiry is being conducted pursuant to  
21 House Resolution 12 and rules passed pursuant to that.  
22 It is an inquiry set forth in the resolution which  
23 establishes a committee to investigate both activities with  
24 regard to the arms aspect of United States dealings with  
25 Iran and also activities involving the contras.

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1           So, it is pursuant to that this deposition is being  
2 conducted.

3           The Senate has a similar and analogous, and  
4 substantially identical in a lot of ways, resolution.  
5 If Mr. Barbadoro were here, his questions would be asked  
6 pursuant to that investigation. I think we previously  
7 provided copies of the resolution and the rules to the  
8 agency.

9           I don't have them here with me. If you want a  
10 copy of them, I will be glad to provide them to you.

11           MR. RIZZO: I have a copy.

12           MR. EGGLESTON: I am sure the Senate will do the  
13 same thing.

14           BY MR. EGGLESTON:

15           Q     Would you tell us essentially when you, just in  
16 a narrative form, when you began with the agency and the  
17 nature of your assignments up until, I guess, 1981.

18           A     Okay.

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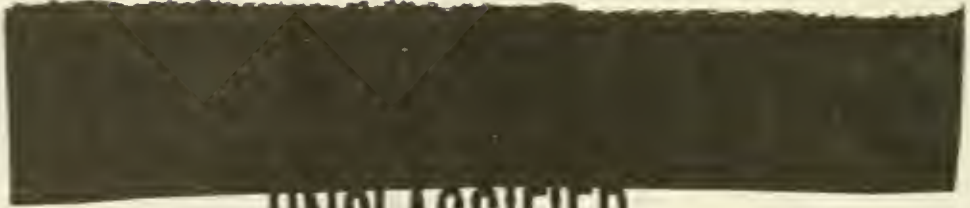
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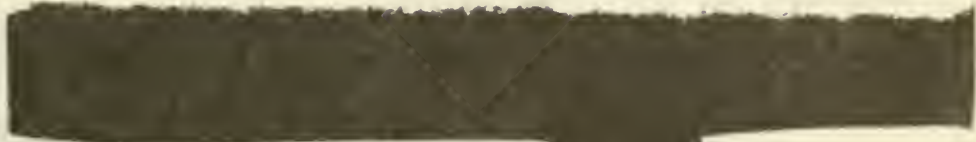


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Q How long did you remain at the LA division?

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1 A Until 1 October, or around that time, 1984.

2

3

4 Q Sticking with you for a second, where did you go?

5

6

A I went -- then I went as chief of European  
division.

7

Q Right.

8

A

9

Q

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A

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Q How long did you remain there?

12

A Let's see. I guess officially -- mid-February

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1986.

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MR. EGGLESTON: Let's go off the record for a second.

(Discussion off the record.)

BY MR. EGGLESTON:

Q Let me direct your attention initially to November of 1985. Did there come a time in November of 1985 when you were contacted about a NSC operation?

A That is correct.

Q Do you recall when that was in 1985?

A It was -- I think the first call I had on it was on the 21st of November.

Q Who was that call from?

A Ollie North.

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1 Q Do you remember what time of the day it was on  
2 the 21st?

3 A I think it was in the night.

4 Q Were you in your office?

5 A No. I don't think I was in my office. I think  
6 I was at home.

7 Q Do you know where he was?

8 A I think he was in the office.

9 Q What did he --

10 A I can't be sure of that. I am sort of guessing.

11 Q I take it you already knew Ollie North?

12 A Oh, yes.

13 Q What did he tell you during that phone call?

14 A He just said that they needed to get a flight  
15 clearance for an aircraft coming into [REDACTED]

16 Q One aircraft?

17 A At that time I believe it was one aircraft.

18 Q Did he tell you why he was calling you?

19 A Because I am -- you know, if you are going to get  
20 anything done in [REDACTED] I am the person that gets it done.

21 Q Did he tell you where the flight was going to be  
22 coming in?

23 A I don't know whether he told me on the first call  
24 or not. I can't be sure of that.

25 Q How much more -- do you remember anything else he

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1 told you during the first telephone call?

2 A No. No, I don't. All I know is that I activated  
3 [redacted] to stand by for some traffic.

4 Q

5 A

6 Q

7 A

8 Q

9 A

10 Q After getting his phone call, what did you do?

11 A I believe I called the [redacted] branch chief and  
12 asked him to go in the office.

13 Q The [redacted] branch chief is a person who works  
14 here at headquarters?

15 A That is right.

16 Q What did you tell him to do?

17 A I told him -- well, I don't remember exactly what  
18 I told him to do except that I know that two messages  
19 were sent asking the [redacted]  
20 [redacted] to stand by.

21 Q Before we get into that, let me ask you this  
22 question first.

23 There are a series of cables sent then between  
24 November -- I think the first one we have may be November 22  
25 in the very early morning hours, at least zulu time, in the

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1 early morning hours, late afternoon of the 21st, a series of  
2 cables sent between that time and mid-December of 1985.

3 In preparing for your testimony here, have you had  
4 a chance to review those?

5 A No, I haven't.

6 Q So, you have not looked at those?

7 A In some time.

8 Q When is the last time you looked over these  
9 cables?

10 A Oh, I would guess it is back in December, maybe.

11 Q Back in December?

12 A Yes.

13 Q Was that in preparation for testimony before another  
14 body?

15 A Actually, I think I just -- when I asked for  
16 European division, if they still had the cable traffic,  
17 they sent up the cable, and I think I saw it -- looked  
18 through them, you know, any great detail.

19 Q And you maintained them, then, in your files?

20 A No. They were turned over to -- I don't know --  
21 the IG.

22 Q When you got them in December of 1986, from the  
23 European division, where did you get them from? How did you  
24 get them from the European division? Where were they  
25 physically?

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1           A     I don't know. I simply asked my secretary to call  
2 the secretary down at the EUR division and say did they still  
3 have that file. By good luck, she did.

4           Q     Is this a file you maintained at the time yourself?

5           A     Well, you know, I really can't say. I may have  
6 put some cables into it. The secretary did. We both did.

7           Q     What I am asking you is how did this -- how did  
8 this file happen to be maintained in the European division?  
9 What is it? Is this a standard process that this file would  
10 be maintained in the European division?

11          A     Yes. This was -- all of this cable traffic was in  
12 our -- what do you call it -- the privacy channel, and has  
13 a special slug.

14                     Normally, we maintain files usually by station  
15 on that traffic for a period of time, and in this case,  
16 because it was sort of ongoing, we just kept a file on this  
17 particular case, I guess.

18          Q     On a cable such as this, how many copies of the  
19 cable are made, both the cable sent from headquarters out  
20 to the station and copies of cables from the station to  
21 headquarters?

22          A     Well, I don't know.

23                     When we are sending it outgoing, we type up a  
24 cable and take it down to the cable secretariat. They then  
25 distribute -- as we call it, the come-back copies.

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1 different reasons.

2 A Yes.

3 Q It may be because there is a sensitive operation.

4 A Or it could be because of personnel.

5 Q A sensitive personnel problem?

6 A Yes.

7 Q Assuming it is sensitive because of a sensitive  
8 operation, I would think it would be important for the  
9 agency to maintain a copy of what it has done as it is  
10 proceeding through the course of the sensitive operation.

11 A That is why we maintain the file.

12 Q So -- but the question that I have for you is,  
13 did you -- are you, the person who maintains the file?  
14 Are you the person who creates, then, and holds what would  
15 be regarded as the official agency file on this operation?

16 A In this case, as I said before, I don't know  
17 whether I caused the file to be set up or the secretary  
18 caused the file to be set up, who, you know -- who, in each  
19 case, put each piece of paper in there. I simply can not  
20 say.

21 Q Do you have a recollection as to this matter there  
22 was a secretary who was involved in maintaining this file?

23 A Yes. I think we both were, probably.

24 Q Both you and your secretary?

25 A Yes, as best as I can recall.

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1 Q So, this was not an operation that was so  
2 sensitive your secretary was not involved in it?

3 A That is correct.

4 Q If copies went to the DDO, would the DDO also  
5 maintain an official file?

6 A Well, I guess that is up to them.

7 Q As a matter of routine, do you know whether they  
8 would maintain an official file?

9 I take it there are various cables that must be  
10 distributed. Somebody must be designated as the person who  
11 is maintaining the file. Other people may get copies. They  
12 can either put them in the file or not, but someone must  
13 be designated or there must be some point at which official  
14 agency traffic is deemed a place where that traffic is  
15 filed.

16 As to this operation, was the -- were you, as the  
17 chief of the European division, that person?

18 A Well, on privacy channel traffic, as I say, we  
19 usually maintain it for a period of time, yes.

20 Q And I don't mean to be obtuse in this. Does that  
21 mean there would have been a period of time where you would  
22 have destroyed this traffic?

23 A No. I don't see any reason there. It could have  
24 been destroyed. Fortunately, it wasn't.

25 Q Okay.

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1           So, there may have been an agency decision.  
2           Although in this particular case there wasn't, there may have  
3           been an actual agency decision to destroy this traffic?

4           A     No, I don't think there is an agency decision.  
5           I think it seems like every division sort of has its own  
6           procedures on how long they keep traffic in this  
7           particular channel, and they don't.

8           Q     Did the European division have a particular time  
9           as of that time?

10          A     It usually depends on the secretary or the  
11          division chief or both to sort of decide.

12          Q     What I am hearing from you, then, is that -- is  
13          that it is possible that as to any particular operation,  
14          even one covered by the privacy channel, there may be  
15          a decision to destroy the official file.

16          MS. MCGINN: Oject to the question.

17          I think there is confusion here, Mr. Eggleston.  
18          These are not considered official filings. I think that is  
19          where -- as I understand it, I think that is where the  
20          confusion comes from.

21          BY MR. EGGLESTON:

22          Q     Is there some other place where the official file  
23          of this operation is maintained other than the European  
24          division? I asked him that earlier. I thought he said --

25          A     To my knowledge, no.

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1 Q As to this particular operation, if there is an  
2 official file, the file maintained by the European division  
3 was the official file?

4 MS. MCGINN: I think the question is whether  
5 there is an official file of privacy channel communications.  
6 I think that is where the confusion comes from.

7 MR. EGGLESTON: I am willing to ask that.

8 THE WITNESS: The question is, is there an  
9 official file?

10 BY MR. EGGLESTON:

11 Q The question I am asking --

12 A I am not trying to be obtuse on this thing.

13 Q No.

14 A Apparently, the agency does not have in privacy  
15 channels, there is no sort of official file. Is that  
16 correct?

17 MR. RIZZO: Right.

18 THE WITNESS: What you have is informal files.  
19 I guess you would call them that.

20 BY MR. EGGLESTON:

21 Q Okay.

22 So, if there is an informal file maintained --

23 A This was the informal file.

24 Q This was the informal file?

25 Do you know whether -- do you know whether anyone

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1 else -- let me ask you this. Let me withdraw that and ask  
2 you this question.

3 Let me show you the first file. So the record is  
4 clear, for the purposes of this, when I refer to a  
5 document, rather than having them marked by the court  
6 reporter each time, because I think that will end up taking  
7 us forever, there is a number at the bottom of each one that  
8 is CIIN. I will refer to the document by its CIIN number.  
9 I may forget to say "CIIN." If I do, I am talking about  
10 the number.

11 The first one I have is number 2130. Could you --  
12 at the very top of this, it makes reference --

13 A In other words, the director -- deputy director  
14 of operation received three copies.

15 Q What is the next? It says "info colon."

16 A "File."

17 Q What does that mean?

18 A I haven't any idea.

19 Q Does that mean that it went into a file? A copy  
20 of it went into a file?

21 A You have to talk to some records expert.

22 Q You don't know what that means?

23 A No.

24 Q How about the next designation, [REDACTED], Do you know  
25 what that means?

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A No.

The next is "DDO records." I suppose that is DDO records.

"Chief EPO" -- I have no idea who EPO is, unless that is a misprint of [REDACTED]

"Chief EUR [REDACTED] Chief EUR [REDACTED] -- that would be because it went to [REDACTED]

end  
mag

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1 Q Chief EUR [REDACTED] means?

2 A [REDACTED]

3 Q Who is that?

4 A Let's see. At that time, that was a lady. What  
5 is her name? I just don't recall her name right now. Now  
6 you see, this one is not a privacy message.

7 Q Okay. I will get to one of those. I thought I  
8 would start with this one, since it was the first one.

9 [REDACTED] means -- dash three?

10 A Chief, European Division, [REDACTED] Branch.

11 Q Does that mean they got three copies?

12 A That is what it says, yes.

13 Q What is the next one?

14 A I have no idea. [REDACTED] No. Print and [REDACTED] file, no  
15 idea.

16 Q You don't know what they mean either?

17 A No.

18 Q And I think that you told us this before, but  
19 by looking at each of these, how can you tell they are a  
20 privacy channel?

21 A It is that [REDACTED] I don't know which one you  
22 are looking at.

23 Q I have another one I can show you which is number  
24 2152.

25 A Yes. That one is a privacy channel message.

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Q You can tell that because it says [REDACTED]

2

A [REDACTED]

3

Q What is the next?

4

A I am sorry. I haven't got the foggiest.

5

Q The next?

6

A That sounds like -- that looks like it is advance  
notify chief EUR registry eyes only.

7

8

Q What does that mean?

9

A The Chief EUR registry, that is the registry which  
receives the cable traffic within the division, was -- had  
advance notification that this cable had come in and it was  
eyes only.

10

11

12

13

Q You can tell from the face of this, I take it it  
comes from [REDACTED] to the Director?

14

15

A That is correct. Chief EUR got three copies and  
DO got three copies. What the rest of that means, I haven't  
a clue.

16

17

18

Q The info, colon, print comma, [REDACTED] and file, comma,  
you don't know what they mean?

19

20

A No.

21

Q If I were to ask you whether the file designation  
means they were placed in some official file, you would tell  
me you don't know if those, what it means?

22

23

24

A I am sorry, I don't.

25

Q Before I continue with this, let me ask you the

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3

1 state of your knowledge about this initiative as of the time  
2 Colonel North called you on November 21? Did you have any  
3 knowledge as of that time that the NSC was involved in an  
4 operation that involved arms and hostages?

5 A No, I did not.

6 Q At that time, did you know Charlie Allen?

7 A I just knew the name.

8 Q You did not know Charlie personally?

9 A No.

10 Q There comes a time later when Mr. Allen ends up  
11 assigned to [REDACTED] is that right?

12 A Assigned to [REDACTED] those -- he actually was never  
13 assigned there on paper. He remains the NIO for  
14 Counterterrorism.

15 Q Was he physically located?

16 A Physically located with us, yes.

17 Q Where was his office during that time with  
18 relation to your office?

19 A You mean 1985 or now?

20 Q I am talking about as of the time that the [REDACTED] was  
21 created.

22 A Two doors down from mine.

23 Q Did you know -- excuse me, Tow missiles had been  
24 sent from Israel to Iran in August and September of 1985?

25 A No, I didn't.

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1 Q YOU had not knowledge of that?

2 A No, I did not.

3 Q Were you aware there had been intelligence collec-  
4 tion during the fall of 1985 which related to this initiative?

5 A I was only -- became aware of that when Charlie  
6 Allen showed me [REDACTED] that something was going  
7 on in regard to Iran. I frankly do not recall what it was  
8 that he showed me.

9 Q Before we get to this -- when were [REDACTED]  
10 shown to you?

11 A I cannot be precise on that. I suspect though,  
12 it must have been Friday morning.

13 Q Friday would have been -- I am sorry.

14 A In other words, if we had started sending traffic  
15 to [REDACTED] on the -- o n Thursday, then I suspect I would have  
16 seen the [REDACTED] that he had on  
17 Friday.

18 Q Before I get to that, did the name Ghorbanifar  
19 mean anything to you as of late November of 1985?

20 A No, it didn't.

21 Q Did the name [REDACTED] mean anything to you as of  
22 that date?

23 A No.

24 Q Had you ever heard that name before?

25 A No.

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23

5

1 Q Did you -- did you know anything about a  
2 fabricator notice having been sent out on Ghorbanifar as  
3 of that time?

4 A No, not as of that time.

5 Q Did you know a man by the name of Cyrus Hashemi?

6 A No.

7 Q That is not a familiar name to you?

8 A I only heard that some time later on in -- I  
9 don't know, February, March, of 1986.

10 Q But prior to -- in or about the summer of '85,  
11 that was not a name familiar to you at all?

12 A No.

13 Q Let me show you CIIN number 1034. Before I ask  
14 you to read it, would you just take a look at the top of it  
15 and tell me whether that is a document that would have come  
16 through you?

17 A Well, first of all, it wasn't to [REDACTED] was going  
18 to [REDACTED] and [REDACTED] Okay. So this -- this was originated  
19 by NE [REDACTED] Authenticated by Chief NE and coordinated with  
20 [REDACTED] and so on.

21 Released by European Division Chief of [REDACTED]

22 Q Okay.

23 A Now, the chances of me seeing this would have been  
24 in the come-back copy, but considering the volume of traffic  
25 in EUR Division, unless there was some reason for me to

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1 focus on this, I probably would have.

2 Basically, what we were doing was sending out traffic  
3 from NE Division in support of whatever they were doing.  
4 Therefore, I would have had less interest in it, as I say,  
5 unless there would have been some reasons for me to have  
6 looked at it.

7 Q To ask it in a specific fashion, you have no  
8 recollection of having seen that cable?

9 A No, I have not.

10 Q On or about the summer of 1985?

11 Prior to the time I am showing it to you right now  
12 have you ever seen this cable?

13 A No.

14 Q This reading of the cable doesn't bring anything  
15 back to you about having participated in any discussions  
16 regarding a fabricator on Manucher or [REDACTED] in the summer  
17 of 1985?

18 A No.

19 Q Let me ask you to take a look at 1032 as well.  
20 Is that what you would call -- what you refer to as the come-  
21 back copy?

22 A No. This is an incoming from [REDACTED] No. Again,  
23 I have the same reaction to that one.

24 Q No reaction at all?

25 A I don't remember seeing that.

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1 Q Never seen it? No recollection of any instance?

2 A No.

3 Q Let me ask you to look at 1033, which is dated  
4 11 July 1985, if you could read this and tell me who it is  
5 addressed to and who it is from and whether you had any  
6 participation in that event?

7 A Well -- would that be [REDACTED]

8 Q [REDACTED]

9 A Yes.

10 Q Who is [REDACTED]

11 A [REDACTED]

12 MR. RIZZO: [REDACTED]

13 THE WITNESS: [REDACTED]

14 It would sound to me like it would be likely he  
15 <sup>A</sup>ws the Chief of [REDACTED] Branch and he may have been. But  
16 this is largely an NE.

17 BY MR. EGGLESTON:

18 Q Right.

19 A Yes.

20 Q There is a reference there to again as I recall,  
21 the [REDACTED] and Manucher. There is a reference to the  
22 initiative having some direct involvement by Mr. Casey, as  
23 I recall this one.

24 A It was so recommendations to Casey that the  
25 Hashemi connection be dropped. I didn't even know we had a  
Hashemi connection, frankly.

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1 Q So this is -- you don't recall participating in  
2 any discussions about this in the summer of '85?

3 A No.

4 Q You told me you had some knowledge of Mr. Hashemi  
5 in February of '86. What was that?

6 A Well, that was the first time I ever heard of  
7 him. It seemed to me Hashemi came up in some context about  
8 some scam that was being run. I don't know whether it was  
9 -- I can't be sure it was in February or March, but just some  
10 sort of -- and I don't know whether it was Cyrus Hashemi or  
11 who it was. It was Hashemi.

12 Q Let me get back. So you have no recollection of  
13 any participation in anything involving Cyrus Hashemi,  
14 Manucher or [REDACTED] in the summer of 1985?

15 A Not to my recollection at all. I am quite sure  
16 I didn't see those cables.

17 Q Let me get you back to November 21. You received  
18 a call from Colonel North. Do you personally go into the  
19 office?

20 A I don't think I personally went into the office.  
21 That was the -- if that was Thursday, I think I asked the  
22 [REDACTED] Branch Chief to go in.

23 Q So you do not go into the office until Friday  
24 morning?

25 A I don't believe so.

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1 Q Which would have been the 22nd?

2 I think what would make sense is I made a copy  
3 of various cables that I want to ask you specifically about  
4 and some (do) them prompt questions about things that must  
5 have happened when cables, where you are responding or asking  
6 questions or giving instructions that you must have received  
7 from someone else.

8 I think it would be convenient if I put a set of  
9 them in front of you and just ask you about the ones that  
10 I am interested in, and then it might help you focus. .  
11 There is a stack of them. I am not going to ask you about  
12 each and every one.

13 A Okay.

14 Q If you could -- you may not be used to this, but  
15 to the extent you can, if you refer to an individual cable,  
16 if you could refer to that number at the bottom. Otherwise  
17 the transcript is going to be hard to follow.

18 A Okay.

19 Q Is number 2130, which is the number that is on  
20 top here, is this a document -- is this a cable sent by you,  
21 or is this the one that you indicate was sent by someone else?

22 A I suspect it was sent by the [REDACTED] Branch  
23 Chief, who I sent into the headquarters to send it. No. That  
24 is 22 November. Or is that a Zulu time?

25 Q I think it is Zulu time.

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1 A Obviously I saw the come-back copy.

2 Q What do you mean by come-back copy?

3 A This is the copy that was sent out. In other  
4 words, it was typed up on a different piece of paper, sent  
5 down to cable secretariat. They transmitted it and sent us  
6 a copy of it. This is what we call the come-back copy.

7 Q What happens to the document that is -- so there  
8 is something separately typed up?

9 A That is correct.

10 Q Then this is what is actually put into the  
11 transmission system? This is the way it looks when it is in  
12 the transmission system?

13 A I can't tell you that. This is what we get back  
14 of what we sent down there showing distribution that this  
15 copy received inside the building.

16 Q All right. So this was your document which  
17 indicates that the [REDACTED] should stand by  
18 to assist the [REDACTED] on a special assignment?

19 The next document as well, which is 2131, refers  
20 also, I take it, to having the [REDACTED] report to  
21 the office. Here you are referring to the [REDACTED]  
22 in [REDACTED]

23 A Right. I don't quite understand why that  
24 happened.

25 A What do you mean, why they appear to be in

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1 reverse order?

2 A Why I asked the [REDACTED] to stand by unless I had  
3 some reason to think the [REDACTED] wasn't there. It seemed to  
4 me -- well, that was no ref. Came back.

5 Q The first I want to ask you about is 2132. Do  
6 you have that in front of you?

7 A Yes.

8 Q This was a Zulu time of [REDACTED] on 22 November of '85.  
9 It makes reference to -- it is a cable, as I understand it,  
10 from [REDACTED]

11 A That is right.

12 Q A flash cable to the director per reference  
13 contacted Richard Copp at 4:50 hours 22 November. Offered  
14 all assistance.

15 I take it -- actually there is an indication  
16 right on this document, 2132, that the reference number is  
17 missing.

18 A That is correct.

19 Q Is that your handwriting?

20 A No.

21 Q Have you searched to determine whether or not  
22 this one is missing? Or is this someone else who is doing the  
23 compilation?

24 A I guess someone else. I don't know.

25 Q Let me -- in any event, let me get to the

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1 the substance. Obviously, by this cable from [REDACTED] back to  
2 the Director, which I take it means back to you, he is  
3 indicating that in accordance with your instructions, he has  
4 contacted Richard Copp?

5 A That is right.

6 Q What occurred that led you to cable and we must  
7 be missing a cable -- what led you to cable to the [REDACTED]  
8 [REDACTED] to contact Copp?

9 A I recall what this 625103 said in part. What it  
10 was is I told them -- and I don't know whether I said you  
11 will be contacted or you should contact. I can't say. But  
12 that whatever it is, that Richard Copp, who also is Secord  
13 -- and that was both names were in that message. "Will  
14 either contact you or you will be contacted by him about"  
15 -- and I think it may -- I can't say this for sure, may  
16 have spelled out that it has to do with getting a clearance  
17 for an aircraft and it may have even said El Al aircraft  
18 coming into [REDACTED]

19 Q Okay.

20 A I can't be sure about all of that.

21 Q Did Colonel North tell you about Copp and Secord  
22 in that first telephone conversation?

23 A Well, I can't say that for sure. Whether it  
24 was first one or there was a second one, all I know is  
25 obviously information has to come from Colonel North.

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1 Q Do you remember what else he told you about Copp  
2 or Secord?

3 A No, I don't.

4 Q As of the time of the cable it must have been number  
5 25103, did you have any knowledge of what this operation was  
6 about? The reason you were helping 20 grant clear answers?

7 A No, I don't think I did at that time. I may have  
8 said something. Again, I can't recall a telephone conversa-  
9 tion back that far. He may have said that it had something  
10 to do with the YX or Z. I simply do not know.

11 Q I take it you don't recall what the XY or Z  
12 may have been?

13 A I don't think so. I don't think I learned that  
14 specifically until I got to the office. Again, I can't be  
15 absolutely sure.

16 Q Was it difficult at this time to get a flight  
17 clearance for an El Al flight coming into [REDACTED] What is  
18 the reason that the agency had to get involved in obtaining  
19 a flight clearance for the flight that was coming in?

20 A I don't know whether I knew at that time because  
21 I just can't recall, but it certainly became clearer later  
22 on that whatever arrangements had been made for the flight  
23 clearance had come a cropper. But I don't think I learned  
24 that until much later on, although I cannot be sure.

25 A It is your recollection that there had been some

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1 prior arrangement for the flight clearance?

2 A That becomes clearer as this thing goes along.

3 Q Did you know General Secord as of this time?

4 A No, I did not. The one time that I met him, he  
5 said nice to see you again and I don't recall ever having met  
6 him ever before. That was -- I don't know, September '86  
7 or something.

8 Q Not until September of '86 (h)at you ever actually  
9 met him?

10 A Yes.

11 Q What was that in connection with?

12 [REDACTED] had gone out of town for four or five days and  
13 the NE Division was handling the logistics part of this, as  
14 you know. And [REDACTED] asked if I could sort of just oversee it  
15 while he was out of town and there was a meeting called.  
16 And I don't recall whether I called for the meeting or  
17 Colonel North called for the meeting or who called for the  
18 meeting, but it was a meeting to -- I guess rectify lists of  
19 spare parts. There was a lot of confusion about what had  
20 been shipped, what had been received, what was broken, et  
21 cetera. At that meeting, Secord was there.

22 Q That is the only time you met Secord?

23 A The only time I know of, although as I say, he  
24 said nice to see you again.

25 Q All right. Did you -- but you had not -- you

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1 don't recall, at least as of November '85 having any prior  
2 professional contact?

3 A I didn't even know who he was when the name was  
4 raised. I don't follow events, I guess. Secord was not the  
5 sort of a name that meant anything to me.

6 Q Do you recall ~~around~~<sup>either</sup> around this time, around  
7 November 22, you asked Colonel North what it was that  
8 General Secord was doing, involved in operations? Why it  
9 was you were helping get a flight clearance for General  
10 Secord?

11 A No. It was explained that there was an El Al  
12 plane coming in, would be coming in, I guess it was already  
13 at that time, had departed. It was over the Mediterranean.  
14 I think it was a 747. And they needed to get the flight  
15 clearance and whatever arrangements they had made hadn't  
16 worked. Could I do anything to help. Eventually, we had to  
17 get the embassy involved such to see what they could do.

18 Q But you don't recall asking what it was that  
19 General Secord was doing involved in this operation?

20 A No, I don't.

21 Q Okay.

22 A In fact, I didn't even know he was a general or  
23 former general.

24 Q Do you think Colonel North referred to him as Mr.  
25 Secord?

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1 A I really don't know. I don't remember it  
2 coming up and hitting me he was a general or a former  
3 general.

4 Q I am not going to obviously take you through each  
5 and every one of these. Let me just have you look at 2133,  
6 paragraph 4. This is a cable from, again, [REDACTED] to the  
7 Director talking about difficulites as the flight is  
8 beginning to --

9 MS. MCGINN: The witness may want to read the  
10 entire cable to get an idea of the context. It may be more  
11 helpful for you.

12 MR. EGGLESTON: If he wants to he is certainly  
13 welcome to do so.

14 THE WITNESS: Okay.

15 BY MR. EGGLESTON:

16 Q Do you know what time Zulu time is? Is that  
17 Greenwich time?

18 A Zulu is Greenwich, isn't it?

19 Q That was my understanding. I wanted to mke sure  
20 the record was clear.

21 By the time of this cable, which is at [REDACTED] Zulu  
22 time on November 22, obviously the [REDACTED] is  
23 becoming fairly heavily involved [REDACTED]

24 [REDACTED] in order to get this flight  
25 clearance taken care of?

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17

1 A Yes.

2 Q If there is a [REDACTED] time difference, this  
3 would be approximately [REDACTED] or so, I guess, [REDACTED]

4 [REDACTED]  
5 A Right.

6 Q Of the 22nd?

7 A Yes.

8 Q Do you think you are in the office by this time?

9 A Oh, yes.

10 Q Do you recall whether you had had any conversation  
11 with Colonel North by this time [REDACTED] on the 22nd?

12 A Well, I can't say for sure.

13 Q I guess my mor -- my more detailed question is  
14 this matter of starting to become more significant [REDACTED]

15 [REDACTED]  
16 [REDACTED] It is  
17 not just a routine call to a flight to you in order to get  
18 clearance for an airplane?

19 A Yes.

20 Q Do you know anything more at this time about the  
21 reason that this flight clearance request had come to the  
22 agency and what was really going on?

23 A Well, I can't say for sure whether I knew. I  
24 knew by sort of [REDACTED] Except we are  
25 still trying to get an airplane in. I would suspect, and I

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1 can only say I suspect, that by this point in time that  
2 Charlie Allen had showed me whatever he was going to show me,  
3 but I can only guess at that.

4 Q Do you have any recollection of which day it was  
5 that Charlie Allen showed you [REDACTED]

6 A Not specifically. I cannot say precisely, but I  
7 have to assume that it was on Friday.

8 Q Which would be the 22nd?

9 A Yes.

10 Q Let's just go to that meeting, whenever it might  
11 have taken place, whether it was Friday or Saturday, whenever  
12 you recall. You recall though there comes a time when Mr.  
13 Allen brings you various materials?

14 A Well, I can't really recall how much he brought  
15 me. He must have brought me something though.

16 Q Do you know -- how did he get to you? Did he tell  
17 you why that he had come to you? You didn't summon him, I  
18 take it?

19 A No. I think Colonel North told him to brief me.

20 Q Okay.

21 A I have heard that.

22 Q Did Charlie Allen tell you that as of the time  
23 he showed up?

24 A I am sorry. I can't recall whether he appeared at  
25 my door and said Colonel North told me to brief you or not.

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1 I simply do not know.

2 Q Do you recall as best you recall, what is it he  
3 showed you?

4 A I haven't got -- I have no idea whatsoever what  
5 he showed me.

6 Q Do you recall whether he showed you [REDACTED]

7 A Yes. They were -- yes. They were [REDACTED]

8 There is no question about that.

9 Q Do you know how many [REDACTED]

10 A I have no idea.

11 Q Do you recall the [REDACTED]

12 [REDACTED] prior to the time that you saw them?

13 A Again, I haven't got any idea.

14 Q Do you have a recollection of the [REDACTED]

15 [REDACTED]

16 A I don't know at this time. And you know -- I know  
17 a lot of things now that I didn't know at that time in a lot  
18 more detail. I would be simply speculating if I said what  
19 was in it.

20 Q Do you recall in addition [REDACTED]  
21 Charlie Allen must have given you some sort of a briefing,  
22 both about the substance of what had been going on and I  
23 take it he would also have told you essentially [REDACTED]

24 [REDACTED] Do you recall what it was he told you about  
25 the operation?

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1 A No, I don't.

2 Q Do you recall if he told you it was an operation  
3 that involved hostages?

4 A I think that came later when we had -- at some  
5 point, there was [REDACTED] it seemed to me, wanted to  
6 know what this was all about, and I was told by Colonel  
7 North that I could only talk about this with [REDACTED] as a  
8 humanitarian effort and not hostages.

9 So, I must have known -- been told at some point  
10 prior to that time, but again, I can't say when -- that it  
11 involved the hostages.

12 Q Do you recall that the intelligence [REDACTED]  
13 [REDACTED] made reference to weapons in exchange for  
14 hostages?

15 A Again, I can't say. I sort of doubt it, because  
16 I think that would have changed my approach to this thing.

17 I don't believe it mentioned -- it mentioned  
18 negotiations maybe. At least that is what I have been told.  
19 Again, I do not recall.

20 Q You don't recall whether Charlie Allen told you  
21 that there was some element of -- there had been discussions  
22 of weapons in the intelligence, [REDACTED] prior  
23 to that time?

24 A No. I don't think even he knew.

25 Q Do you remember

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1           A     As I have testified before the SSCI, there was all  
2 kinds of [REDACTED] not just the [REDACTED]  
3 that Charlie apparently was working with, indicating that  
4 there were weapons deals going on with Iran.

5                     I mean, there were just a number of -- you  
6 couldn't even follow them. They were all over the place.

7 [REDACTED]  
8 [REDACTED]

9           Q     Right.

10                    You don't have any recollection that any of these  
11 related to release of American hostages?

12           A     No.

13           Q     Did -- I just lost my train of thought.

14                    Do you remember anything else that Charlie Allen  
15 told you in that briefing?

16           A     No. Frankly, I don't.

17           Q     And let me direct your attention to 2135.

18 2135 is from you to [REDACTED] subject NSC mission.

19           A     Yes.

20           Q     It is a [REDACTED] zulu, which means later in the  
21 afternoon, maybe around [REDACTED]

22                    "If charge becomes involved in this matter and  
23 feels compelled to report any aspects, request he send his  
24 messages and we will insure they get to Ambassador Oakley."

25                    How is it you happened to send this message? Who

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1 told you that this is the way this should be handled?

2 A Well, I think probably if charge becomes involved  
3 in this matter that may have been referring back to that.  
4 I guess in that message, the implication was we might have to  
5 bring the charge in. This is sort of normal procedure in  
6 this kind of a situation that you want to hold the message  
7 traffic only to our channel and not have it fly all over the  
8 State Department.

9 But to make the charge feel warm and fuzzy about  
10 his own -- you know, his own department I said in there  
11 Ambassador Oakley could be -- would be informed.

12 Now, the only way I would have known that is if  
13 Ollie North told me he was the guy in the State Department.  
14 That is all I can --

15 Q You knew Ambassador Oakley as of this time,  
16 I take it?

17 A Well, I had known him over the years, but I hadn't  
18 had anything to do with him really since mid-1975, 1976, when  
19 he was at the NSC in the Near East area.

20 Q Let me -- as of this time, as of the date of this  
21 cable, 2135, have you yet been told what the purpose of  
22 this flight is?

23 A Well, again, I can't say specifically when I knew  
24 what the whole thing was about, but I would assume that by  
25 this time that I knew it had something to do with Iran and

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1 hostages or something, but I can't say for sure.

2 Q Let me direct you to 2137. That is, again, a cable  
3 on November 22nd, at [REDACTED] zulu time, which would be about  
4 [REDACTED] o'clock in the afternoon.

5 You can review the whole thing. I really want you  
6 to pay particular attention to paragraph two.

7 A Yes.

8 Q Let me -- by this time you are aware that it has  
9 gone beyond the level of Ollie North and McFarlane is  
10 involved. He is going to be pulled out of some meeting.  
11 People are being pulled out of meetings with Popes and  
12 various other things.

13 What had you done as of this time? Had you  
14 checked with anyone at headquarters about whether or not  
15 this level of participation is authorized or are you at a  
16 level to make this decision yourself?

17 A Well, at this point -- again, I don't know  
18 whether I talked with Ed Juchniewicz or not. Be that as it  
19 may, at this point I felt this was something that basically  
20 getting a flight clearance may involve high level people,  
21 but still within the purview of my position.

22 Q So, you did not, at least as of this point, feel  
23 that, in fact, it was reaching a really -- almost the  
24 highest levels of both [REDACTED] and of the  
25 United States government, where [REDACTED] the point

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1 Mr. McFarlane is being involved, that this is an area  
2 where you should be checking necessarily with  
3 Mr. Juchniewicz, Mr. George, Mr. Casey?

4 A No. As far as McFarlane being involved, I think  
5 I may have been aware by this time that McFarlane had  
6 worked this problem.

7 I can not say that for sure, but it -- at some  
8 point later on I certainly was.

9 Q As of this time, or as of any time on the day of  
10 the 22nd, had you spoken to anyone except Colonel North  
11 from the NSC?

12 A No. I hadn't spoken to anybody, and I can't say  
13 that it happened at this time or after this point or before  
14 this point, for that matter. But he had been receiving  
15 phone calls passed through the White House switch,  
16 transferred over to my office from Poindexter.

17 I don't know whether he ever got through to  
18 McFarlane. He certainly was trying. Again, I can not say  
19 before, now, or after.

20 Q Did I understand you to say Colonel North as of  
21 this time or around this time was actually in your office?

22 A I think he probably was. At some time on the  
23 22nd he was in my office.

24 Q What is the reason he comes to your office?

25 A Well, because he was working on this problem.

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1 I guess it was simpler if he was right there.

2 Q Who else from your staff or at the agency is working  
3 on this problem? Anybody else in your immediate staff  
4 working on it other than yourself?

5 A I don't know. The chief of the [REDACTED] branch  
6 obviously had been before. I don't know in this case.

7 Q So, you think, at least as of this time, you had  
8 not personally spoken to Mr. Poindexter about this matter?

9 A No. I never spoke with Mr. Poindexter, I don't  
10 believe, throughout this whole thing.

11 Q You don't think he ever called you?

12 A Not me directly.

13 Q Were you skeptical at first that you should be  
14 forming this level of activity for Colonel North?

15 A As far as getting a flight clearance?

16 Q Right.

17 A And getting the embassy to get involved?

18 Q Yes.

19 A No.

20 Q Did -- at some level, it becomes more than  
21 just the embassy. It becomes McFarlane, Foreign Minister  
22 [REDACTED] becomes a very high level thing.

23 A Well, you know, that really isn't all that big  
24 a deal, frankly.

25 Q For a flight clearance?

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1           A     Well, obviously for a flight, it must have been  
2 pretty important.

3           Q     That is what I mean.

4           A     Yes, but the fact that the Foreign Minister [REDACTED]  
5 [REDACTED] is being involved and McFarlane, you know, those  
6 things happen.

7           Q     Okay.

8                     You did not regard it, then, as of this level, as  
9 something you should take to a higher authority than  
10 yourself before getting the agency involved?

11          A     Correct.

12          Q     Let me refer you to 2141, if you could just review  
13 that one.

14                     This is November 22. The time is [REDACTED] zulu.

15          A     Right.

16          Q     Two questions, first about paragraph one, per  
17 instructions from Admiral Poindexter. I take it this is  
18 not a conversation you had?

19          A     No, it was not.

20          Q     This is a conversation Colonel North had with  
21 Admiral Poindexter?

22          A     Yes.

23          Q     Was he in your office when he had this conversation?

24          A     Yes, I would imagine he was.

25          Q     Did you have any conversation with Colonel North



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1 about the fact that only Mr. Shultz and Mr. Oakley were  
2 aware of the operation?

3 A I don't recall.

4 Q Paragraph two of this cable refers to putting  
5 together a special flight for the 23rd or 24th. This  
6 takes place after the time that the few cables back it had  
7 aborted out?

8 A Yes.

9 Q What do you recall talking about with Colonel North  
10 about putting together another special flight?

11 A Well, I don't recall talking to him, but clearly --  
12 what we actually said -- but clearly, from this, there  
13 must have been some discussion about trying to repeat  
14 what was being tried on the 22nd.

15 Q Do you have any direct contact with Mr. Secord  
16 during this time?

17 A No. I don't think I ever spoke to him. There  
18 was one telephone conversation with [REDACTED] but I don't  
19 think it was with him. I think it was with [REDACTED]

20 Q You don't remember speaking to General Secord?

21 A No.

22 Q Let me refer you to the next one, 2142. It was,  
23 again, November 25, the time [REDACTED] zulu.

24 A Yes.

25 Q By this time, you are trying to do it through

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1 [REDACTED] or -- excuse me -- have other flights.

2 A Okay. Right.

3 Q By this time, we are talking about three flights,  
4 three commercial DC-8 aircraft or similar aircraft.

5 A Yes.

6 Q What has occurred between -- this is the first  
7 cable, at least that I have seen, that makes any  
8 reference to more than a single flight.

9 Do you have --

10 A At this point, right. This is the -- all right.  
11 Well, what it looks like -- I don't know. There was some  
12 talk about some -- getting -- maybe that is what these  
13 DC-8s were, some [REDACTED] airline. I can't recall what  
14 company. I think it was a charter company that was going  
15 to make some -- make the flights, it seems to me. [REDACTED]

16 [REDACTED]

17 I don't know whether what was coming on the El  
18 Al airplane was being transferred to some other airplanes  
19 and then being flown to Tabriz. I don't simply recall what  
20 that all is here, but you know, clearly it is referring  
21 to three flights from [REDACTED] smaller aircraft.

22 Q By this time, it is apparent to you that we are  
23 not just talking about a clearance of a flight into [REDACTED]  
24 but you are also talking about flying things on, to Tabriz?

25 A Yes.

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1                   And we are talking about -- right. We are talking  
2 about clearance over [REDACTED]

3           Q     Right. That is for the flight, then, that would  
4 take place from [REDACTED] into Tabriz?

5           A     Right.

6           Q     Do you know -- have you been told as of this  
7 time what it is that is going to be in those three aircraft?

8           A     I can't say for sure, but I would suspect.

9           Q     What do you think you were told?

10          A     Well, when finally talked about flying things into  
11 Iran, I was told it was sophisticated oil drilling equipment.

12          Q     When is the first time that you learned that it  
13 was something other than sophisticated oil drilling  
14 equipment?

15          A     You mean when I find out it is arms?

16          Q     Yes.

17          A     Well, I am told by Charlie Allen that I probably  
18 knew sometime between the 27th -- even as early, he says,  
19 on the 26th, 27th, 28th, somewhere in there, that he could  
20 see [REDACTED] that something had gone in on  
21 the -- I guess -- the way he puts it -- again, I do not  
22 recall seeing this, but he recalls telling me that on the --  
23 that sometime on the 26th, 27th, 28th, along in there, I was  
24 aware that there was at least suspicion [REDACTED]  
25 that something had gone in there at around the time of

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1 the 25th.

2 Q And --

3 A And by that time we also had received from the  
4 cable traffic here [REDACTED] had made mention to us.

5 Q That the crew had indicated it was weapons?

6 A Yes.

7 Q When is the first time Colonel North tells you  
8 that what was sent in was Hawk missiles?

9 A Oh, I don't know when he did that. I don't know  
10 whether I ever did. I don't know whether he ever did,  
11 I mean specifically tell me it was Hawk missiles.

12 Q Do you remember whether there ever came a time when  
13 he told you it was military goods as opposed to oil  
14 drilling equipment?

15 A Well, I think I learned that a lot later.  
16 Whether I learned it from him, I don't know.

17 Q How much later?

18 A Well, all I can say is that the suspicion that  
19 what went in on the 25th was weapons of some kind, I am  
20 told I was told --

21 Q Right.

22 A When I was officially told, in fact, I really  
23 don't know. It may have been as late as January. I simply  
24 do not remember.

25 Q As late as January of 1986?

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1           A     Yes.

2           Q     But you don't remember there came a time where  
3 North tells you that it is actually missiles?

4           A     I can not say that.

5           Q     Do you recall any discussion with him where you  
6 discussed with him the fact that it was -- that he had told  
7 you that it was oil drilling equipment, but, in fact, it  
8 was not, that it was weapons?

9           A     I just don't know whether we ever had a discussion  
10 of that or not.

11          Q     Would it have upset you to have been lied to  
12 about the contents of the aircraft?

13          A     Well, it was compartmentation. That is  
14 compartmentation. You have a need to know only so much.

15          Q     By this time, though, you are helping deliver  
16 material -- by this time, late on the 22nd, 23rd --

17          A     Wait a second. Here we are -- you are talking  
18 about CIIN 2142.

19          Q     Right. As of this time, you know three airplanes  
20 worth of something are going into Tabriz?

21          A     That is correct. I am being asked to get an  
22 overflight clearance.

23          Q     By this time I take it you know it has something  
24 to do with the release of the hostages?

25          A     That is probably true.

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1 Q Did the need for a finding occur to you around  
2 this time?

3 A No, not at this point.

4 Q If you had been told that what was being sent in  
5 was military equipment, would the need for a finding have  
6 occurred to you?

7 A Well, that is hard to speculate on. The Tower  
8 Commission asked me the same thing. You know, it is hard  
9 to speculate on something at this point in time about what  
10 you would have done then.

11 Q Right.

12 A There are just so many factors that come into it.

13 Q Let me just push that another step.

14 Do you think that you may or may not have sought  
15 a finding if you had known that Colonel North was in the  
16 process of sending three plane loads of weapons into Iran  
17 and doing that with the help of the agency?

18 A Well, again, I would just be speculating on  
19 that. Whether I would or I wouldn't have at that time,  
20 it is impossible to say.

21 Q Well -- today, if Colonel North, although he  
22 wouldn't do it -- if someone else at the NSC called you and  
23 asked you to do the same thing Colonel North asked you to  
24 do back then and you had known it was weapons, would you  
25 seek a finding?

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1           A     Well, I would go upstairs to my superior and see  
2 what he wanted to do.

3           Q     Did you talk to anybody on the 22nd or 23rd about  
4 getting a finding?

5           A     You mean in connection with this particular cable?

6           Q     Yes.

7                     Well, in connection with what you now know about --  
8 what you knew as of the 22nd.

9           A     No, I did not suggest that.

10          Q     That a finding was necessary?

11          A     Yes.

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- 2 -

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mag1

1 Q Let me ask you to go to the 2149.

2 A Okay.

3 Q Do you remember receiving this cable?

4 A Well, I obviously did. I don't specifically  
5 remember receiving it.

6 Q This cable generally reports that a meeting had  
7 taken place between the [REDACTED] and Copp in a car.

8 Before I get to questions about that, let me ask  
9 you --

10 A A car?

11 Q Paragraph three -- we are referring to cable  
12 number 2149, which is the 23rd of November; time, [REDACTED]  
13 zulu.

14 A Twenty-third?

15 MR. VAN CLEVE: Saturday.

16 THE WITNESS: Saturday.

17 BY MR. EGGLESTON:

18 Q Before I ask you about the meeting reflected in  
19 paragraph three, let me ask you about paragraph four, which  
20 reports that [REDACTED]

21 [REDACTED]  
22 involving the transit of a shipment involving the U.S.,  
23 Israel, and Iran.

24 Did you know who [REDACTED] was? ;

25 A I don't [REDACTED].

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mag2

1 Q In addition to receiving this, the [REDACTED]  
2 commented [REDACTED] is serving as Copp's right arm in attempting  
3 to arrange the transfer.

4 What, if anything, did you do?

5 A We may have traced him. I just don't know.

6 Q Did you -- did this cause any concern?

7 A I can't recall whether it did or didn't.

8 Q Do you remember -- as of this time, you have  
9 testified you didn't really know who Copp was or Secord  
10 was.

11 A That is correct.

12 Q You now are learning that someone closely  
13 connected with Secord [REDACTED]

14 [REDACTED] with regard to this operation.

15 Did you discuss at or around this time with  
16 Colonel North who in the world Copp is and what he is  
17 doing?

18 A I may have, but I don't recall.

19 Q You don't recall?

20 A I may have done a lot of things. I mean,  
21 I just ~~simply can't recall them~~, I did.

22 Q So, you don't remember responding or asking  
23 Colonel North why you were involved with this man [REDACTED]

24 A I don't recall having asked him anything about  
25 it.

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mag3

1 Q Did you know Copp was operating out of [REDACTED]  
2 office?

3 A No, I did not.

4 Q This would strike me as a fairly significant  
5 event that someone who appears to be involved in this  
6 operation, an operation that the CIA is providing some  
7 assistance in, [REDACTED]

8 [REDACTED]  
9 A [REDACTED]

10 Q That could be, but this one apparently didn't --

11 A [REDACTED]

12 Q [REDACTED] and may be causing some  
13 problems.

14 Do you recall whether you discussed it with  
15 anybody in headquarters?

16 A I can't say that I recall.

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17 Q Let me ask you about paragraph three, which is  
18 a reference to a meeting at a car at 1130 hours.

19 Do you recall whether the [REDACTED] informed  
20 you about the subject matter of this meeting in the car  
21 other than as reflected in this cable?

22 A No, I don't.

23 Q Do you recall whether you received any other cable  
24 relating to this meeting?

25 A No, I don't ever recall.

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Oh, this is the one the IG talked about.

2

Q Probably.

3

A That [REDACTED] is talking about?

4

Q Right.

5

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A No, I don't recall receiving any cable where apparently [REDACTED] says that he outlined what -- what this car conversation was about and arms were mentioned and all that?

7

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Q Right.

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A No, I do not recall that cable. I think it is a little bizarre that I don't, given what was supposed to be in the cable. I also think it is a little peculiar that the DO, the Deputy Director for Operations, plus his own cable board readers, plus himself and presumably McMahon, when he must have reviewed this traffic at least by the 25th wouldn't -- that wouldn't have come to their attention. So --

Q [REDACTED] was in town fairly recently. Did you talk to him when he was in town?

A No, I did not.

Q Have you ever talked to him about this issue about whether or not there was a subsequent cable or cable that made reference to this?

A No, I have not.

Q Never talked to him about it?

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m2 1 A Never talked to him.

2 Q It is your recollection that you never received  
3 a cable from the [REDACTED] in [REDACTED] that informed  
4 you about the contents of the aircraft?

5 A That is correct.

6 Q So as of the November 23rd, you still had no  
7 knowledge whatsoever that the aircraft were going to be  
8 carrying weapons?

9 A No, I did not.

10 Q And if there was a subsequent cable, a cable that  
11 outlined that meeting with Copp, I take it you to the best  
12 of your recollection have never seen such a cable?

13 A To the best of my recollection, I have not.

14 Q Based on what you said about the other people  
15 who would have received copies, I take it it is your posi-  
16 tion that there wasn't such a cable?

17 A Well, you know, I can't say that [REDACTED] didn't  
18 think that he sent the cable. You have a situation like  
19 this going on, you sometimes think you did something you  
20 didn't do. It is also -- would not be unheard of that the  
21 system didn't get the cable or something happened to it.  
22 It wouldn't be the first time, unfortunately.

23 Q Let me address your attention to page 2 of this  
24 document, 2149. There are two parts of that that are  
25 heavily blacked out. Do you have any recollection what is

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m3 1 in those two sections?

2 A No, I don't. It is a continuation of para 4.

3 MR. EGGLESTON: Mr. Rizzo is here. I guess I  
4 would say this probably would be a cable where we would like  
5 an opportunity, unless you have it in an unredacted form,  
6 to review the whole cable to insure this part of the cable  
7 does not make some reference to arms or weapons or HAWKS or  
8 whatever.

9 BY MR. EGGLESTON:

10 Q Let me direct you to 2154. This is a cable  
11 to [REDACTED] from you with regard to the overflight  
12 clearance over [REDACTED] is that right?

13 A Yes. Now this -- I don't know, since I haven't  
14 looked at all of these, by this time maybe the proprietary  
15 was involved. I don't know when that all begins.

16 Q I think if you take a look at the next one, it  
17 has some reference to the proprietary.

18 A Yes.

19 Q The question I have about 2154 is by this cable  
20 now, it appears that we are talking about three aircraft  
21 in the next 24 to 48 hours, and then paragraph 3 of this  
22 cable, it makes reference to an additional two aircraft  
23 sometime in the next week.

24 Do you have any recollection of discussing with  
25 Colonel North how we are now up to five aircraft?

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m4 1 A I don't recall how we got up to five aircraft,  
2 but the five became consistent from here on out.

3 Q Right..

4 A But I don't recall having discussed it. I must  
5 have gotten the information from him since he's the only one  
6 that can provide it. I don't remember discussing it.

7 Q Paragraph 1 of this at least also indicates by  
8 now it is clear that the flights are directly related to the  
9 release of the hostages?

10 A Correct.

11 MS. MCGINN: May we take a few minutes break,  
12 please?

13 MR. EGGLESTON: Sure.

14 (Recess.)

15 MR. EGGLESTON: Let's get back on the record.

16 MR. BARBADORO: I have a few questions.

17 MR. EGGLESTON: How soon are you leaving?

18 MR. BARBADORO: I will call in five minutes.

19 MR. EGGLESTON: I am almost done with this section.  
20 Then I was going to give it to you if you want to ask those  
21 questions. Is that all right?

22 MR. BARBADORO: That is fine. Why don't you  
23 finish.

24 MR. EGGLESTON: I will finish this and give it  
25 to you so you can do what you want to do before you have to

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m5 1 go.

2 BY MR. EGGLESTON:

3 Q 2155 makes reference to the [REDACTED]  
4 and [REDACTED] was one of the proprietaries,  
5 Agency proprietaries actually used.

6 Are you -- at what point is it that Colonel North  
7 asks you or asked the Agency to get a proprietary, to ask  
8 for the use of a proprietary?

9 A He didn't ask for a proprietary.

10 Q What did he ask for?

11 A He asked if we could recommend a reliable charter  
12 company.

13 Q Okay.

14 A It seemed to me that that was -- what date are  
15 we on? The 23rd. That is Friday.

16 Q Saturday.

17 A It seemed to me that it was on Friday that he  
18 made that request.

19 Q Did he make that of you?

20 A He made it of me. He said can you recommend --  
21 can the Agency recommend a reliable charter aircraft? I  
22 asked [REDACTED] branch if they could recommend on. And --

23 Q That was on Friday?

24 A I believe it was on Friday. That is to the  
25 best of my recollection, on Friday, and late on Friday.

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m6 1 When I say late, I mean towards the end of business hours.  
2 That is the best I can do.

3 Q Was it on Friday as best you recall then that  
4 you provided Colonel North with the name of [REDACTED]  
5 airlines?

6 A I don't think I ever provided him with the  
7 name per se. [REDACTED] branch said after some deliberations  
8 that they could not come up with a name of a reliable charter  
9 at that time of day. That is why I tend to recall it was  
10 sort of after business hours. They recommended the  
11 proprietary.

12 At that point -- because at this point I saw it as an  
13 exclamation. I talked to Juchniewicz.

14 Q It was at the point that you are providing the  
15 name of the proprietary to Colonel North that you decided  
16 you have to talk to Juchniewicz.

17 A Yes. At the point where the Agency's proprietary  
18 was going to be involved, if that is what Juchniewicz  
19 was going to decide to do.

20 Q Right.

21 A Then that is why I pushed it up.

22 Q Do you remember when it was you talked to  
23 Juchniewicz?

24 A I believe it was on Friday because I think that  
25 was when the request came.

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m7 1 Q Okay. Do you have a recollection whether it was  
2 Friday or Monday or over the weekend, your best recollection  
3 is on it was a Friday?

4 A My best recollection is Friday. If 23 is Saturday,  
5 already the name is here, which would suggest to me that --  
6 yes.

7 Q By this time you have actually provided Colonel  
8 North with the information?

9 A Either I provide it to him or it was provided  
10 by someone else. I cannot recall whether I actually provided  
11 him with the name.

12 Q But you don't recall Colonel North prior to  
13 Friday asking you for the name of a reliable commercial  
14 airline?

15 A No.

16 Q Let me direct you to 2164 which is dated  
17 November 23, the time is [REDACTED]

18 A 21?

19 Q 2164.

20 A Yes.

21 Q In paragraph 4 of this one, this involves [REDACTED]  
22 from [REDACTED] to you.

23 A Yes.

24 Q It deals with the overflight request. One of the  
25 things in paragraph 4 that they ask for is information

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m8 1 about what the airline would be carrying. Did you do  
2 anything other than -- did you talk to Colonel North  
3 specifically to insure you knew precisely what was on the  
4 airline?

5 A I can't say that I did. As I recall, at some  
6 point -- and again, I don't know whether it goes back to those  
7 [REDACTED] flights or when the proprietary is going to be  
8 involved, as to when I knew it was sophisticated oil drilling  
9 spare parts.

10 I cannot give you precision on that.

11 Q Okay. But as of this time, you know you are  
12 going to have to respond to this request?

13 A Yes.

14 Q Right? So you think -- would you have gotten  
15 the information from anyone other than Colonel North about  
16 what was in -- going to be in the aircraft?

17 A I can't imagine.

18 Q Only Colonel North?

19 Okay.

20 A As far as I can tell. I can't imagine who  
21 else would have had it.

22 Q Cable No. 2168 appears to be your response to  
23 the cable that we just spoke about.

24 A Yes.

25 Q Which is now dated zulu time in the early morning

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m9 1 hours of November 24.

2 A We are talking about -- yes, that would be  
3 zulu time, sometime Saturday evening.

4 Q Right.

5 In paragraph 1 of this cable, you are advising  
6 that it involves sophisticated spare parts for the oil  
7 industry. And again you don't recall -- as far as you  
8 knew, as of this time, that is all you knew; you didn't  
9 speak to anybody other than Colonel North what might have  
10 been in the aircraft?

11 A Well, as I have said before, in the SSCI  
12 testimony, it wasn't that I was -- I was aware there  
13 were other kinds of things going on in the world.

14 I cannot say that it didn't cross my mind it might  
15 be something else. This is what I was being told.

16 Q And --

17 A And it made a certain amount of sense. The  
18 Iranians needed spare parts for the oil industry.

19 Q I am just not sure I understood you. You  
20 suspected it might be something other than oil drilling  
21 equipment?

22 A I didn't say that. You learn in this business  
23 you don't ask a lot of questions. You know, you -- there  
24 are certain things of compartmentation. I was told,  
25 presumably -- I was either told or I asked at some point in

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m10 1 this chronology what was involved here; and I was told  
2 spare parts for the oil industry.

3 Q And what you are really telling us now is that  
4 that is what you were told and you -- although might  
5 have had some suspicions it was something else,  
6 didn't ask further questions?

7 A Suspicions is too strong a word to use. Being in  
8 the kind of business that I am in, you know, you know what  
9 is going on in the world. It isn't that nothing else  
10 ever crosses your mind.

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1 Q If you had some other instead of suspicions,  
2 concerns?

3 A No, if I had concerns, I would have done something  
4 else, I presume.

5 Q I guess my only question is, even if you had  
6 anxieties about what it might have been -- looking for  
7 a word you are comfortable with -- the fact that now a  
8 proprietary of the agency might be taking weapons to Iran  
9 would seem to me to cause you some real concern.

10 A Yes, but apparently I didn't have that concern.

11 Q Okay.

12 So, you don't think -- let me just ask you this  
13 question.

14 Do you think you were -- you did have the sense  
15 that these could possibly be something other than spare  
16 parts?

17 A No. That is speculating beyond what I can  
18 speculate about.

19 Q Well, except I am not now asking you to  
20 speculate. I am asking you sort of the state of your mind  
21 as of this date.

22 A It is hard to recall the state of my mind a couple  
23 of years ago.

24 Q It seems you might recall, though, if as of the  
25 time this operation is going forward, the very fact we are

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1 sending things to Iran at a time when there is a complete  
2 embargo on sending anything to Iran.

3 A But the President can decide that he wants to  
4 break the embargo.

5 Q That is right. But this certainly must have been  
6 regarded in your mind as to be a highly unusual event.

7 A Well, I deal with highly unusually events and have  
8 over a number of years.

9 I will tell you, in real fact, this didn't seem  
10 to be all that big a deal.

11 Q Sending even sophisticated oil drilling equipment  
12 to Iran?

13 A If the President of the United States decides he  
14 wants to break his own embargo, he has the right to do that.

15 Q How did you know the President of the United  
16 States had decided to break his own embargo?

17 A I would assume when he -- McFarlane must have  
18 been talking to somebody.

19 Q Did North ever tell you he talked to the President?

20 A No, he never did.

21 Q Did you ever talk to McFarlane during the course  
22 of this?

23 A No, I did not.

24 The best I recall, I never talked to Poindexter,  
25 either.

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1 Q Okay.

2 There comes a time in early December when you  
3 leave town. Do you recall that?

4 A No, I don't recall. December? Yes, I think  
5 I went to [REDACTED]

6 Q Let me direct you to 2185, several cables further  
7 on.

8 There is a reference in this cable to [REDACTED]  
9 [REDACTED] Is [REDACTED] also a proprietary?

10 A Where are we?

11 Q Paragraph three. I will let you read the whole  
12 thing.

13 A [REDACTED] -- I don't know. I don't  
14 think [REDACTED] is a proprietary. Other people  
15 would have to answer that.

16 Q Okay.

17 Do you have any recollection of how they got  
18 involved in this whole thing?

19 A No.

20 At some point I think I even speculated to  
21 somebody that -- see, the proprietary was only going to be  
22 used once, as I recall.

23 Q By the "proprietary," you are talking about  
24 [REDACTED] and some other airline was going to do the  
25 remainder of the flights?

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1           A     Yes. It seems to me at one point in one of these  
2 cables I speculated it was [REDACTED] airline.

3           Q     I think you make a reference to [REDACTED] as  
4 being [REDACTED] proprietary?

5           A     That is possible.

6           Q     You don't have more information about [REDACTED]  
7 [REDACTED] now than you did then?

8           A     No, I don't.

9           Q     You don't have any recollection, I take it, of  
10 why it is that a CIA proprietary was going to be used for  
11 the first flight?

12          A     No, I don't know, except that North had asked for  
13 a reliable charter. We ended up giving him the proprietary.

14          Q     Actually, I am going back and directing your  
15 attention to 2195. That is the cable that makes a  
16 reference to your speculation that [REDACTED] might be  
17 [REDACTED] proprietary.

18               MR. VAN CLEVE: Neil, I have to leave. I want  
19 to take this opportunity to thank Mr. Clarridge. I look  
20 forward to reading your testimony.

21               THE WITNESS: Very nice to meet you.

22               BY MR. EGGLESTON:

23          Q     Let me direct you to number 2205, a cable  
24 dated November 27, 1985, and the time is [REDACTED] zulu.

25               By this time, that flight, the flight had gone in

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1 on the 24th. I think it actually had come back out. The  
2 first paragraph here is, "Operation is still on, and we are  
3 regrouping. Will advise additional details tomorrow."

4 This is a cable to [REDACTED] and [REDACTED] I guess,  
5 from you?

6 A Yes.

7 Q I guess what I would like now is the entire  
8 series of cables that take place between the time this  
9 flight is over and December 11 of 1985. I would like to  
10 take you through a number of these cables and ask you what  
11 it was that was happening. The cables become very  
12 sparse now.

13 Essentially, all you are doing in this cable  
14 traffic is telling them to "Stand by, stand by. We are not  
15 sure what is happening. We don't know if we are on. We  
16 don't know if we are off."

17 What is it that happens after the flight goes in  
18 and before -- up to the 27th? What discussions are you  
19 having with North and the people in the agency about what  
20 the next step is going to be?

21 A The way it -- again, the way I can recall it to  
22 the best of my ability, is that you had the flight went  
23 in -- I don't know whether early morning hours of the --  
24 I forget which day, 24th or whatever it was.

25 On the 25th anyway, I don't know whether it

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1 was a stand-down or whatever. In other words, whatever was  
2 supposed to happen next wasn't happening.

3 All right?

4 So, North kept postponing doing anything further  
5 because whatever was going on on his end wasn't working.

6 Q At this time, is he still working out of your  
7 office?

8 A No.

9 Q He is back in his own office?

10 A Yes.

11 Q So, your best recollection is that whatever  
12 he was doing was not coming through?

13 A That is correct.

14 Q Did you understand that to mean the hostages were  
15 not being released?

16 A No, I did not. I did not. At that point -- and  
17 I don't know all the ins and outs, because I wasn't  
18 involved -- apparently there were other things going on in  
19 the building in connection with all of this. And I was  
20 not involved.

21 The only thing that I continued to be involved in,  
22 as you can see here from the cable traffic, is either  
23 getting flight clearances from [REDACTED]  
24 or whatever, and then, as the cable traffic points out  
25 here, nothing happened.

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1           Q     Any time between November 21, 1985 and December 11  
2 did you have occasion to speak with Mr. Casey about this  
3 operation?

4           A     No.

5           Q     You never briefed him on what was happening?

6           A     No. He was out of town.

7                     Seems to me -- the only conversation I had on this  
8 besides Juchniewicz, upwardly, was -- I had two  
9 conversations with McMahon, one when I took him a cable.  
10 I think it was in response to [REDACTED] or  
11 something, came in with a message saying for the director --  
12 the director wasn't there -- saying should I continue  
13 with my efforts. I drafted a message for McMahon which  
14 said, "No, stand down."

15                     At some point on the 25th -- is that Monday?

16           Q     It is Monday.

17           A     The 25th, McMahon called me fairly late in the  
18 day and said, "You know, I think that this, whatever was  
19 shipped, doesn't make much difference whether it was oil  
20 spare parts or gun powder -- it is embargoed matter, and  
21 therefore, maybe we need a finding."

22           Q     Do you recall that he used the word "gun powder"?

23           A     He might have used "weapons", "gun powder".

24                     In other words, something other than "oil spare  
25 parts", something that had to do with weapons, ammunition.

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1 He may have used that word.

2 Q Did you brief Sporkin then on what had happened?

3 A No, I didn't.

4 Q Do you know who did?

5 A No, I don't know. I never talked with Sporkin  
6 about this at all.

7 Q Let me pursue the finding for a minute.

8 As of the 25th, McMahon has informed you or  
9 told you, at least, that it is his view that since it was  
10 embargoed items, some finding is going to be necessary?

11 A May be necessary.

12 Q May be necessary.

13 Do you know what McMahon then does? Do you know  
14 who he contacts? What steps he takes?

15 A No, I don't.

16 Q Do you know whether a finding was ever prepared?

17 A I have heard much later that some finding was  
18 prepared. When it was prepared, what it said, I don't  
19 know.

20 Q When you say "much later," later in December of  
21 1985?

22 A Oh, no. We are well into 1986, now well into  
23 1986. Certainly not until January of 1986.

24 Q Have you ever read the finding?

25 A I read the finding, the finding -- what is it --

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1 17th finding?

2 Q You read that one?

3 A Yes.

4 Q Are you aware that there was an earlier finding  
5 that was prepared by Mr. Sporkin?

6 A I am not aware. I have heard much later, like  
7 middle of 1986 or later on that there may have been another  
8 finding.

9 Q Just to pursue that for a second, do you know who  
10 you learned that from?

11 A No, I don't.

12 Q Do you know whether the first finding was ever  
13 signed?

14 A I don't know.

15 Q So, moving back to the cables now, as of the 27th  
16 of November, you are essentially just in a hold pattern?

17 A Correct.

18 Well, I had to straighten something out with [REDACTED]  
19 at some place. I don't remember that. They shifted around.

20 Q Changed the dates?

21 A Yes.

22 Q Where the flight was going to go? Going from  
23 [REDACTED] to someplace else?

24 A Yes.

25 Q There is a cable which is number 2215, I think,

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1 which is dated the 3rd of December, and the time is [REDACTED]  
2 zulu. Again, it is to [REDACTED] and [REDACTED] and this is from  
3 you, I guess?

4 A Yes.

5 Q "Key meeting of principals will take place this  
6 weekend with earliest possible aircraft deployment sometime  
7 mid to late week of 8 December."

8 This weekend would have been the weekend Saturday  
9 was the 7th.

10 What is it that you knew that led you to send  
11 this cable about a meeting of principals that was to take  
12 place this weekend?

13 A I don't recall.

14 Q Do you know who the principals were?

15 A No, I don't know whether the principals were U.S.,  
16 foreign, or what.

17 Q You have no recollection?

18 A No, I am sorry, I don't.

19 Q There was a meeting which took place among various  
20 American key principals, including the President of the  
21 United States on Saturday, the 7th.

22 A The 7th?

23 Q Do you know whether you knew that?

24 A No.

25 Q Do you recollect now [REDACTED] that is the meeting

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1 you are talking about?

2 A No recollection.

3 Q There was a meeting then which took place in  
4 Europe with Mr. Ghorbanifar as of -- on the 9th or so of  
5 December, with Mr. McFarlane.

6 Did you know that meeting was taking place?

7 A No. I didn't know it until I heard it from  
8 you right now.

9 Q Again, there was another meeting of principals,  
10 including the President, which took place on the 10th.. Did  
11 you know that meeting took place?

12 A No, I didn't.

13 Q On the 10th there was a cable which you send  
14 again, which is 2216.

15 A That is coming in from [REDACTED]

16 Q I am sorry. Is it coming in from [REDACTED] It is --  
17 where he indicates to you --

18 A Yes. What he is saying there is [REDACTED]  
19 might not be on their toes if you have to do something over  
20 the holiday period.

21 Q Right.

22 The next cable I want to ask you about is 2217,  
23 which is -- is this sent out by you or by your deputy?

24 A This was sent out by acting chief EUR.,

25 Q Would that have been [REDACTED] as of this  
time?

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1 A Yes. He was my deputy in EUR at that time.

2 Q Where do you think you are during this time?

3 A I think I went to -- what are we talking about?

4 10 December? I think I was in [REDACTED] for the -- yes,

5 the [REDACTED]

6 I am not sure whether I went to [REDACTED] or

7 somewhere else. I know I was in [REDACTED] in December.

8 Q Your trip to [REDACTED] had nothing whatsoever to

9 do with this initiative?

10 A Nothing whatsoever.

11 MR. EGGLESTON: Do you want to jump in now?

12 MR. BARBADORO: No. I didn't want to rush you.

13 MR. EGGLESTON: I wasn't rushed.

14 MR. BARBADORO: I have a few questions about the

15 cables, Mr. Clarridge. Maybe it would be a good time to

16 jump in and ask about them.

end mag  
emm fls

17 EXAMINATION

18 BY MR. BARBADORO:

19 Q If the U.S. Government was assisting another

20 government in shipping military equipment to Iran in

21 November of 1985, that would have been a significant event,

22 wouldn't it?

23 A If the U.S. Government was assisting another

24 country in shipping military equipment to Iran? ;

25 Yes.

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2B  
m-1 1 Q Is it fair to say if somebody had told you  
2 that this operation you were assisting was going to  
3 involve the transportation of military equipment to Iran,  
4 that you would have remembered it?

5 A Yes. I think I would. Yes. Just like if  
6 that cable, that so-called [REDACTED] cable, if it said what  
7 I have been told it said, I think I would have remembered  
8 it.

9 Q Did Colonel North tell you in November of 1985  
10 that military equipment was going to be on these flights  
11 that you were helping to get the flight clearance for?

12 A No, he didn't. He told me it was sophisticated  
13 oil drilling equipment, at which point I, in all of this,  
14 I can't precisely pin down.

15 Q Colonel North told you that there was going  
16 to be military equipment on this flight?

17 A No. No.

18 Q Did your [REDACTED] ever  
19 send you a cable that told you that military equipment  
20 was going to be on those flights?

21 A To the best of my recollection, I never received  
22 such a cable.

23 Q I want to show you a State Department cable.  
24 Maybe the safest thing to do is mark it as Clarridge 1.

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1 (Exhibit DRC-1 was marked  
2 for identification.)

3 MR. BARBADORO: It is a cable on 22 November,  
4 [REDACTED] zulu time from the embassy in [REDACTED] to the Secretary  
5 of State.

6 BY MR. BARBADORO:

7 Q Mr. Clarridge, you probably haven't seen this  
8 before. Why don't you take a minute and read it?

9 A Okay.

10 Q Let me just confirm this. You have never seen  
11 this cable before, have you?

12 A No, I have not.

13 Q As you know from reading the cable, Mr. Clarridge,  
14 it is from the embassy in [REDACTED] to the Secretary of State  
15 and it refers to a meeting between [REDACTED] official  
16 and I believe the Acting Deputy Chief of Mission on  
17 November 21, 1985, in which the Acting Deputy Chief of  
18 Mission is told of an approach that was made by a [REDACTED]  
19 official on November 20 concerning a flight from Israel  
20 to Iran carrying arms.

21 Were you told in November by any State Depart-  
22 ment source that a -- that there was a proposal to ship  
23 arms from Israel to Iran?

24 A No, I wasn't. To the best of my recollection,  
25 I didn't talk to [REDACTED] from the Department.

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1 Q Were you ever told by anybody at the CIA about  
2 a proposal to ship arms from Israel to Iran in November  
3 of 1985?

4 A To ship arms from Israel to Iran? No.

5 Q Let me show you a CIA cable and probably we  
6 should mark this one, too. I don't have the same numbering  
7 system Neal does.

8 This is a cable dated 26 November 1985, [REDACTED]  
9 zulu time. It is to you, I believe, from [REDACTED]

10 (Exhibit DRC-2 marked for.

11 identification.)

12 BY MR. BARBADORO:

13 Q Mr. Clarridge, please look at this exhibit and  
14 tell me if you recall receiving it.

15 A I have reviewed it.

16 Q Did you receive that cable?

17 A Well, I don't recall it. It says that I did.  
18 But I can't recall just like I can't recall all these  
19 cables in here. Certainly it says I did.

20 Q It says that you received it?

21 A That is true.

22 Q You have no memory of having received it?

23 A Right.

24 Q On page 2 of the cable, about midway down,  
25 and --

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1 A I don't understand that. This was from the DCM;  
2 is that what it is?

3 Q Take a look at it again. It is my understanding  
4 it is from your officer in [REDACTED] to you concerning a  
5 meeting that the Deputy Chief of Mission had with --

6 A It is actually from the Deputy Chief of Mission.

7 Q It is?

8 A Yes. Using our channel.

9 Q Do you recall receiving any messages from the  
10 Deputy Chief of Mission during November of 1985?

11 A I clearly don't recall, but -- I don't recall,  
12 but clearly that's marked for me. I think there is  
13 another one also that was received from the DCM at some  
14 point as well as the ambassador.

15 Q So you do recall receiving some messages from  
16 the Deputy Chief of Mission?

17 A I can remember one that came in from  
18 [REDACTED] He was the ambassador. That's on the 26th.

19 Q Let's go back to Clarridge Exhibit 2. Would  
20 you agree with me that the quoted portions of the cable  
21 which are on page 2 refer to quotations from one of two  
22 notes given to the Deputy Chief of Mission [REDACTED]  
23 by [REDACTED] official on November 25?

24 A In other words, these two notes? These advise  
25 us -- these two notes, are talking about these two notes?

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1 Q The quoted portions of the cable. Would you agree  
2 what they purport to refer to are quotations from one of  
3 two notes given to the Deputy Chief of Mission by a  
4 [REDACTED] official?

5 A That's correct.

6 Q Let me refer your attention to midway down the  
7 second page. Excuse me a minute. What -- can you tell  
8 me what has just been shown to the witness? What is that  
9 that's just been put in front of you?

10 A Says for DCM chief, EUR unfortunately received  
11 too late.

12 Q What is the reference?

13 A [REDACTED]

14 Q So the cable you are reading from now -- let's  
15 make sure the record is clear on this. You have been  
16 shown a cable by your counsel, John Rizzo, and that cable  
17 is dated 27 November, [REDACTED] zulu time and is a cable to  
18 [REDACTED] from you and it concerns DCM meeting with Foreign  
19 Ministry.

20 MS. MCGINN: That cable is also referred to  
21 as No. CCIN-2206, and is included in the packet of cables  
22 that the witness was shown this morning by Mr. Eggleston.

23 MR. BARBADORO: Okay.

24 BY MR. BARBADORO:

25 Q Tell me what does that cable say and what is

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6

1 its significance?

2 A I don't know what the REF is referring to.

3 Is your cable [REDACTED]

4 Q Clarridge Exhibit 2 is [REDACTED]

5 A All I can say is that apparently he was talking  
6 about having a meeting with somebody as best I can under-  
7 stand it. The DCM was going to meet somebody? [REDACTED]  
8 was going to meet with somebody?

9 Q The Clarridge Exhibit 2 refers to a meeting  
10 that occurred between DCM [REDACTED] official.  
11 It doesn't refer to a proposed meeting. Strike that.

12 It says at paragraph five: "DCM then noted  
13 that Ambassador [REDACTED] was scheduled to call on the  
14 Prime Minister, afternoon of November 26. [REDACTED]  
15 said if U.S. still interested in the meeting with the  
16 Prime Minister would provide excellent opportunity to get  
17 PM's agreement. Ambassador call set for 4:30 local time.  
18 If DSM has not found -- we believe meeting offers  
19 excellent opportunity to get it. Please advise us at  
20 opening of business, November 26, if there is any interest  
21 in reviving" -- well, "in reviving [REDACTED] cooperation  
22 and if so, on what terms."

23 Can you explain the cable that was just shown  
24 to you by your counsel?

25 A It says, "Unfortunately REF arrived in time

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1 for me to respond to meeting he was going to have. My  
2 ability to respond to your message prior to this time is  
3 a result of bureaucratic snafu of the last 14 hours. I'll  
4 fill you in tomorrow."

5 I frankly don't know what the bureaucratic  
6 snafu was.

7 Q But the significance of that cable, is it not,  
8 it demonstrates you did receive [REDACTED] and did read [REDACTED]  
9 is that right?

10 A Correct.

11 Q Let's turn to the Clarridge Exhibit 2, [REDACTED]  
12 and let me quote something to you on the second page of  
13 that cable. It says in the middle of the page, "On the  
14 afternoon of November 2, the firm [REDACTED]  
15 [REDACTED] informed the Minister  
16 of Foreign Affairs that it had been asked to 'assist'  
17 in the transit of defense material with the administration  
18 of the U.S. The company said the material to be trans-  
19 ferred would arrive in [REDACTED] the following day to be  
20 transported by two aircraft."

21 Do you recall reading that paragraph?

22 A No, I don't recall it.

23 Q Would you agree with me there is a suggestion  
24 in here that defense material is involved in the ship-  
25 ments?

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1 A Well, you could interpret it, but you could  
2 also interpret it that it was spare parts for the oil  
3 industry. They can be handled by the same company.

4 Q Would they be called defense, transit of  
5 defense?

6 A Transit of defense, what does it say? Transit  
7 of defense? Asked to assist in the transit of defense.  
8 I don't know what transit of defense means. Transit of  
9 defense it had.

10 Q Obviously, something is missing from the cable.

11 A Or missing from the translation of [REDACTED]

12 [REDACTED]

13 Q Would you agree with me whatever it is, defense  
14 refers to the contents of the aircraft?

15 MS. MCGINN: Object to the question.

16 BY MR. BARBADORO:

17 Q Go ahead and answer.

18 MS. MCGINN: If you can answer.

19 THE WITNESS: I informed the Ministry of Foreign  
20 Affairs that it had asked firm [REDACTED]

21 [REDACTED] inform the Ministry of Defense.

22 Didn't say [REDACTED] Just says [REDACTED]

23 Inform the Ministry of Defense that it has been asked to  
24 assist transit of defense.

25 It could be defense isn't necessarily the right

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9

1 word. I can't comment on that. Defense what?

2 BY MR. BARBADORO:

3 Q My question is, whatever defense is, does it  
4 refer to the contents of the aircraft?

5 A I don't know. The material to be transported  
6 would arrive in [REDACTED] the following day.

7 Q How long were you Chief of the European  
8 Division?

9 A From October, 1984, until February, 1986.

10 Q During that time, did you learn that [REDACTED]  
11 is one of the leading [REDACTED] arms dealers?

12 A I may have. It is something -- it is not  
13 something that sort of hit me between the eyes.

14 Q You know that now, don't you?

15 A Oh, yes.

16 Q When did you learn that [REDACTED] was an arms  
17 dealer?

18 A Well, I may have known, but I can't say for  
19 sure, while I was Chief of the EUR Division.

20 Q Wouldn't you receive reporting of activities  
21 of major arms dealers in Europe in your capacity as chief  
22 of the European Division?

23 A In some cases I may have; in some cases I  
24 didn't. I just can't say.

25 Q And you can't say for sure whether you knew

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1 [REDACTED] was an arms dealer back in November of 1985?

2 A No, I can't. I may have known, but I mean I  
3 can't say for sure.

4 Q When did Charlie Allen show you the [REDACTED]  
5 [REDACTED] what has been referred  
6 to as the [REDACTED]

7 A Well, I don't know whether it was the [REDACTED]  
8 that he showed me on Friday morning or whenever this  
9 thing started.

10 Q He showed you some [REDACTED] on the 22nd of  
11 November?

12 A He showed me an [REDACTED] whether it had  
13 reference to [REDACTED] I don't know. I don't  
14 recall.

15 Q Prior to the 22nd, you had never met Charlie  
16 Allen?

17 A No, I had not.

18 Q Did you ask for him to come into your office  
19 a and show you this [REDACTED] or did he come in on his  
20 own?

21 A I think he came in on his own. I think Ollie  
22 probably asked him to.

23 Q Do you recall whether he told you Ollie asked  
24 him to come in?

25 A No, I don't. I think subsequently I heard that --

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11

1 not at that time. I can't recall.

2 But subsequently, I think I have heard that that's  
3 what was said.

4 Q On the 22nd, Allen came into your office, intro-  
5 duced himself, and told you that he had some [REDACTED]  
6 that he wanted you to look at; is that a fair summary of  
7 what happened at the start of that meeting?

8 A I don't recollect how it happened specifically  
9 but that's probably as good an explanation.

10 Q And did he tell you why he wanted you to look  
11 at this? [REDACTED]

12 A No. I think Ollie had said to me that there's  
13 some material you should see to understand what's going  
14 on.

15 Q Were you curious at that point to know what is  
16 going on?

17 A Well, no. Well, whatever you are told, you  
18 are told.

19 Q In any event, you were told by North you should  
20 look at this [REDACTED] so you would know what was going  
21 on; is that correct?

22 A Correct.

23 Q Allen brought [REDACTED] in and you read [REDACTED]  
24 [REDACTED] is that right?

25 A I don't recall reading it, but presumably I did.

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12

1 Q You recall him bringing in [REDACTED]  
2 right?

3 A Frankly, no.

4 Q What is the basis for your earlier testimony  
5 that you recall them bringing [REDACTED]

6 A I am told he brought it in. I recall Ollie  
7 North saying that Charlie Allen would bring me something  
8 to read. But you are asking me specifically to recall  
9 Charlie Allen walking in a room. Frankly, I can't.

10 Q Can you recall reading [REDACTED] on the  
11 22nd?

12 A No. I mean, a lot of things -- you have to  
13 remember something. This wasn't the only thing I was doing  
14 all day.

15 Q How many NSC initiatives do you respond to in  
16 the course of your daily work in a week?

17 A In my old job, I used to respond quite frequently  
18 in the [REDACTED] Division.

19 Q Was the NSC involved in these kind of initiatives  
20 frequently when you were in the [REDACTED] Division?

21 A No. I would get NSDD's instructing me to do  
22 X, Y and Z.

23 Q You would agree with me this was an unusual  
24 event?

25 A I would agree it was a somewhat unusual event.

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1 Believe me, in my career, it is not that big a deal.

2 Q Mr. Clarridge, I have reviewed that [REDACTED]  
3 and it is clear to me as a novice that arms were referred  
4 to in exchange for hostages.

5 Do you recall having that impression after  
6 reviewing [REDACTED]

7 A No, I don't. Because I can't recall what I  
8 reviewed. Are you talking about [REDACTED] prior to --

9 Q [REDACTED] you saw on the 22nd of November?

10 A Then you know what I saw and I don't.

11 Q Charlie Allen has testified in his depositions  
12 that based upon [REDACTED] he received between September  
13 and November, he has serious -- he had serious suspicions,  
14 maybe even stronger than suspicions, that arms were  
15 involved.

16 Do you recall -- were involved in this November  
17 shipment. Do you recall Charlie Allen ever raising that  
18 concern with you?

19 MS. MCGINN: Object to the form of the question.  
20 If you want to introduce what Charlie Allen said, that's  
21 one thing. Your characterizing it and asking him to  
22 comment on that is a very different matter.

23 BY MR. BARBADORO:

24 Q Please answer the question.

25 A About?

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14

1 Q Could you read my question back?

2 (The reporter read the record as requested.)

3 THE WITNESS: No. I don't recall him raising  
4 it. As I have said, I was aware of a lot of arms deals  
5 going on in the world involving Iran, but I don't recall  
6 charlie Allen saying that to me.

7 BY MR. BARBADORO:

8 Q Did Charlie Allen ever tell you that he thought  
9 arms might be involved in this November shipment?

10 A You mean ever?

11 Q Correct.

12 A Well, as I have said before, I am told --  
13 again I don't recall seeing [REDACTED] -- but I am told  
14 by Charlie Allen that [REDACTED] he had -- and I can't  
15 give you the specific date -- the 26th, 27th, 28th of  
16 November, which he says that he showed to me although I  
17 don't recall it mentions arms, or mentions having to do  
18 with a flight on the 25th; I would imply that the flight  
19 on the 25th carried something other than oil drilling  
20 spare parts.

21 Q Do you recall Charlie Allen having said that --  
22 something other than oil drilling parts might have been  
23 involved in the shipment at any time during November of  
24 1985?

25 A Do I recall Charlie Allen saying -- no, I do

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15

1 not recall.

2 Q Charlie Allen has told you since that he told  
3 you that but you have no memory of it; is that right?

4 A No. The earliest memory I have is sometime  
5 in January.

6 Q Okay.

7 Mr. Allen, could you turn to cable CIIN No.  
8 218-A.

9 There is another CIIN 2180. I know from  
10 having looked.

11 MR. EGGLESTON: No wonder.

12 BY MR. BARBADORO:

13 Q You might want to read also 2184, which I  
14 understand is the response by you.

15 Do you recall receiving 2180-A?

16 A Well, yes, I must have received it. I sent  
17 out an answer. When you say, do I recall receiving the  
18 cable, yes; when I read it over, yes.

19 Q Your recollection is refreshed when you read  
20 the cable?

21 A Yes.

22 Q Would you agree with me that that cable  
23 expresses some confusion as to what the cargo of the  
24 airplane was?

25 A Yes. There is some place in here where they

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1 say pilot told the ground controllers they were carrying  
2 military equipment, although Senator Bentsen does not  
3 believe that ever happened.

4 Q Mr. Clarridge, would you agree paragraph two  
5 of that cable expresses some confusion as to what the  
6 contents of the aircraft was?

7 A That's correct.

8 Q The [REDACTED] told someone it was oil  
9 industry spare parts, the telex from the carrier stated  
10 medical supplies were involved, and the pilot told ground  
11 controllers he was carrying military equipment.

12 A Right.

13 Q After you received this message, did you make  
14 any inquiry to determine what the cargo was?

15 A I don't recall. But from the wording of this  
16 other cable, the answer going out, I may have.

17 Q Who would you have asked about what the cargo  
18 was?

19 A Well, again the only person that could give  
20 me that answer -- again, I do not recall talking with  
21 him -- would have been Colonel North. I do not specifically  
22 recall speaking with him.

23 Q In any event, on 25th of November, you thought  
24 the cargo was oil parts; is that right?

25 A Correct.

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1 Q That's basically all I have.

2 Mr. Clarridge, so you understand the basis for  
3 my questioning, from what we have seen so far, the Acting  
4 Deputy Chief of Mission in [REDACTED] had information that  
5 arms were involved in that shipment on the 20th of  
6 November. Your [REDACTED] in [REDACTED] says on the  
7 23rd he was told arms were involved and that he sent a  
8 cable to you telling you there were arms involved.

9 We know Ollie North knew that arms were involved  
10 on the 20th and we know from Charlie Allen's testimony .  
11 that he suspected, [REDACTED] some or all of  
12 which he gave you, that arms were involved, and my  
13 questions --

14 A When did he say that he knew that arms were  
15 involved?

16 Q He knew prior to the November shipment that  
17 the initiative involved here, he had reason to believe  
18 involved the shipment of military equipment in exchange  
19 for the release of hostages.

20 MS. MCGINN: Object to characterizing the  
21 testimony that way.

22 BY MR. BARBADORO:

23 Q In any event, so you understand the basis  
24 of my questioning, I think it is something we have to  
25 pursue when all these other people claim to have knowledge

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15

1 of it and you claim not to.

2 A At this time.

3 Q That is right.

4 MR. BARBADORO: Go ahead.

5 (Whereupon, at 12:20 p.m., the deposition was  
6 recessed, to reconvene at 12:35 p.m., this same day.)

end emm  
2B

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#3

emmn-1

1

AFTERNOON SESSION

2

(12:40 p.m.)

3

Whereupon,

4

DEWEY R. CLARRIDGE

5

was called as a witness and, having been previously duly

6

sworn, was examined further and testified as follows:

7

EXAMINATION ON

8

BEHALF OF THE HOUSE SELECT COMMITTEE

9

BY MR. EGGLESTON:

10

Q Mr. Clarridge, there comes a time I take it .

11

in early December of 19 -- actually, there was another

12

question I had which was a quick question.

13

One of these cables makes reference to a tele-

14

phone call that you have with the [REDACTED]

15

[REDACTED] Do you recall calling him on the phone?

16

A No, I don't recall calling him.

17

Q Is there a reason that you would have called

18

him on the phone as opposed to sending a cable?

19

A Well, it must have been some time factor is

20

the only thing I can think of. I don't know that that was

21

the case. That would be the only reason I can think of.

22

Q There comes a time in early December of 1985

23

when I take it you have a lengthy discussion with Colonel

24

North about where this operation is going to go. Is that

25

correct? Do you recall a conversation with him where he

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1 tells you that there are going to be now explicitly an  
2 arms-for-hostage deal with the transfer of TOWs, various  
3 things like that?

4 A I don't remember a conversation about that.

5 Q You don't have any recollection about that?

6 A No. All I can remember is discussing with him  
7 his on/off-again arrangements that I was making for  
8 clearances.

9 Q Do you recall an early December meeting with  
10 Michael Ledeen? You and Charlie Allen meeting with  
11 Michael Ledeen?

12 A I don't recall one in December. Wait a  
13 second. After Ghorbanifar was here sometime. I don't  
14 know when that was. I can't recall.

15 Q Okay.

16 A But I know that sometime either when Ghorbanifar  
17 was -- he was either -- met after he was here or while  
18 he was here. Yes. There was a meeting.

19 Q You don't recall, though, a meeting with  
20 Michael Ledeen about Ghorbanifar in early December of  
21 1985?

22 A Well, I don't know that it was in early  
23 December. I know that at one point -- I didn't know  
24 Charlie Allen was there. But I couldn't say who, was,  
25 that Ledeen -- I saw -- Ledeen saw me about Ghorbanifar's

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3  
1 credentials.

2 I really didn't do anything about it. The  
3 ins and outs of the whole thing. But Ghorbanifar had  
4 spoken about some other things that had to do with the  
5 European area.

6 Q You don't have any recollection of being  
7 explicitly informed by Michael Ledeen in a meeting that  
8 you had with him and Charlie Allen about the November  
9 shipment and that it was Hawks? You don't recall that  
10 taking place?

11 A No.

12 Q Let me show you a memorandum and ask if you  
13 would look this over. It is dated December 18, but  
14 refers to a meeting on the 4th of December. If you could  
15 read the first line and tell me whether that refers to  
16 you?

17 MR. EGGLESTON: This is CIIN-587.

18 THE WITNESS: I remember this thing. I guess  
19 it goes on --

20 BY MR. EGGLESTON:

21 Q He goes on on one of the pages to describe  
22 the previous deal, though, as a transfer of Hawks?

23 A Well, I don't -- I remember a meeting with  
24 Ledeen. I can't say who else was there because I don't  
25 recollect. It seemed to me it was about the time that --

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1 when Ghorbanifar was in town. I don't know whether there  
2 was a time they had him on the polygraph or what.

3 Q There comes a time on about December 22nd  
4 when [REDACTED] meets with him?

5 A That's right. I remember hearing [REDACTED] met with  
6 him. I think Ledeen was meeting with him also during the  
7 time he was here. I seem to recall that.

8 Q Let me get back to 587 here. Is this in the  
9 first line --

10 A That's me.

11 Q Chief DO Europe?

12 A That's me.

13 Q This memorandum reports -- and maybe if I  
14 could have it back for a second, it might help the  
15 record, in paragraph four, page 2, it states: "Subject  
16 explained that the four hostages were expected to be  
17 released just before Thanksgiving because of the Hawk  
18 missiles that had been delivered with intermediaries  
19 (who include, among others, David Kimche of Israel).  
20 After delivery of 20 of these missiles, Sutherland,  
21 Anderson, Jenco and Jacobsen were to be released in  
22 West Beirut. Once these four were released, another  
23 100 Hawk missiles were to be delivered to Iran. This  
24 did not occur because there were disagreements over the  
25 particular model of the Hawk missile that was delivered."

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1 And then it goes on.

2 Do you have a recollection of him telling  
3 you?

4 A I don't recollect anything about that. This  
5 wouldn't have been my business also. By this time --  
6 what are we talking about, early December?

7 Q December 4 is the date of the meeting according  
8 to the memoranda.

9 A By that time, as I say, the only part of this  
10 that I had anything to do with was, as the cable traffic  
11 specifies, is getting clearances for the next X number  
12 of sorties.

13 Q Let me make sure I understand your position  
14 on this. Could you think -- I mean, I take it if this  
15 would have been assuming you participated in this conver-  
16 sation, this would have been the first time that you had  
17 learned that there was a transfer of approximately 20 Hawk  
18 missiles in return for the hostages and that this had  
19 occurred right before Thanksgiving. You must have known  
20 this was the operation you had been helping with?

21 A Yes. If I had been told all of this.

22 Q I would think that if you had been told this  
23 in the meeting with Ledeen, this would have been an event  
24 that would have fairly much stuck out in your mind.

25 A Yes. But you see, the thing is, I know a lot

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1 of things now that I can't recall necessarily knowing or  
2 not knowing then. It is sort of hard to say specifically  
3 what I knew then and what I -- or the timing of what I  
4 knew and when I knew it, frankly.

5 Q Let me just make sure -- I am not quite sure  
6 what you are telling me. Do you not recollect this  
7 meeting?

8 A I recollect a meeting with Ledeen having to do  
9 with the bona fides of Ghorbanifar. And some proposals  
10 that Ghorbanifar had which had nothing to do with this  
11 side of the operation and that's all that I recollect.

12 Exactly when that meeting took place, I can't  
13 say except that I recall that it seemed to be that  
14 Ghorbanifar was in town or had been in town.

15 Q So you do not remember being told in early  
16 December of 1984 about a delivery of 20 Hawks, a follow-  
17 up of an additional 100 Hawks? You don't have any  
18 recollection?

19 A A hundred -- the 100 Hawk thing surprised me  
20 when I heard you read it off. All I can say is I don't  
21 recollect it. I think I would.

22 Q You think you would?

23 A I think I would.

24 Q Do you think -- let me also ask you on -- and  
25 you don't remember similarly having any conversations

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1 with Colonel North about deliveries of weapons -- the  
2 conversations with North that took place in early December  
3 about the delivery of weapons in exchange for a receipt  
4 of the hostages?

5 A No. No. As I say, at that time, my piece  
6 of this thing was just as reflected in cable traffic.

7 Q This may take you a minute to review. It may  
8 take you more than a minute to review.

9 This is what is referred to as a PROF note.  
10 I am sure you have seen them. It is dated 12/4/85 and it  
11 has got the date on it -- or the time on it of 20255.  
12 It is from North to Poindexter and it has to do in some  
13 detail with this operation.

14 Maybe if you could review it. You are mentioned  
15 specifically near the end of it.

16 MS. MCGINN: Are you entering this as an  
17 exhibit?

18 MR. EGGLESTON: I was going to mark it.

19 THE WITNESS: Is this something I am supposed  
20 to have seen?

21 BY MR. EGGLESTON:

22 Q No, sir. I don't know whether you saw it or  
23 not. This is -- I wanted to show it to you and then ask  
24 you questions about it.

25 A Oh, yes. The FBI asked me about this Operation

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1 Recovery. I never heard about that terminology until they  
2 mentioned it, frankly.

3 MR. EGGLESTON: Before I ask questions, let me  
4 ask it be marked DRC-3.

5 (Exhibit DRC-3 was marked  
6 for identification.)

7 BY MR. EGGLESTON:

8 Q Mr. Clarridge, this memorandum or PROF note  
9 from North to Poindexter, which you have just had the  
10 opportunity to read for several minutes, makes reference  
11 to a fairly elaborate scheme for the sequential delivery  
12 of weapons followed by the release of American citizens.  
13 On one of the last pages it says, "Dewey and I have been  
14 through the whole concept twice looking for holes and  
15 can find little that can be done to improve the 'trust  
16 factor' with the Iranians."

17 Do you recall having in early December of 1985  
18 discussions with Colonel North about this -- the operation  
19 that is described in DRC-3?

20 A No, I don't.

21 Q So it is your position that North's statement  
22 in this document that he's been over the operation with  
23 you twice is not accurate?

24 A That's right. The use of the [REDACTED] airfield  
25 also mystifies me because -- when did you say this was?

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1 Early December?

2 Q December 4, right.

3 A By December 4, we had clearly gotten the  
4 [REDACTED] onboard. So why would we have been -- why would  
5 he even be mentioning using [REDACTED] He's talking about  
6 [REDACTED] isn't he, there?

7 Q Yes, [REDACTED] controlled airfield.

8 A That doesn't make any sense as of that time  
9 either.

10 Q So your best recollection is that this is --  
11 he never discussed this operation with you?

12 A Yes, he did not.

13 Q He did not at any time discuss this operation  
14 with you? His statement in there he's been through it  
15 with you twice is not an accurate statement?

16 A Not an accurate statement.

17 Q I want to ask you now -- I am not going to  
18 take you through any sort of chronology, but I would  
19 like to ask you about a number of different events that  
20 then take place in January through November, really, of  
21 1986.

22 When is it that you became Chief of the [REDACTED]  
23 [REDACTED]

24 A Mid February, 1986.

25 Q I take it from your earlier testimony that

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1 around late December of 1985, you recognized that Mr.  
2 [REDACTED] had met with Ghorbanifar? Or did you indicate to  
3 me you couldn't quite place when that had taken place?

4 A I don't know when it took place. It seemed to  
5 me -- in other words, I believe Ghorbanifar was in the  
6 States sometime in late 1985.

7 Q You have a recollection that someone at least  
8 from the Agency met with him at that time?

9 A That's right. I remember hearing, I think, that  
10 [REDACTED] saw him.

11 Q Was Ghorbanifar by this time a name that was  
12 familiar to you?

13 A It had become familiar around that time.  
14 Sometime in December was the first I ever heard about  
15 him, to the best of my recollection it was -- could have  
16 been December.

17 Q On January 17, 1986, there is a Finding  
18 signed by the President. You mentioned that earlier.  
19 Does there come a time after the Finding is signed that  
20 you become involved once again in the operations, the  
21 execution of the Finding?

22 A No. Well, not that way. In other words, from  
23 about -- I don't know quite when it was. The last ten  
24 days in January. The Director asked me to take six,  
25 seven weeks off and examine what our problems were with

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11 1 handling terrorism. So I -- I think I came back from a  
2 trip to [REDACTED] or something. The last few days of  
3 January.

4 And after X number of days, I produced a paper  
5 on the problems and the solution, the solution as I saw  
6 it. That resulted in setting up the [REDACTED]  
7 [REDACTED] in mid February.

8 Q Did you become involved, though, in the  
9 execution of the Finding?

10 A No. I did not become involved in the execution  
11 of the Finding.

12 Q Could I have this marked DRC No. 4?

13 (Exhibit DRC-4 was marked  
14 for identification.)

15 BY MR. EGGLESTON:

16 Q Let me show you DRC-4 and ask you to take a  
17 look at this. This is a memorandum for Poindexter  
18 drafted by North on January 24, 1986.

19 I assume this is not a document that you have  
20 seen before. So I am not suggesting that you have seen  
21 this. It is sort of an outline form.

22 This document, on the first page of it, reflects  
23 you are one of a number of people, including one of four  
24 people at the CIA who are "completely cognizant of this  
25 schedule." Do I take it from your response -- were you

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1 completely cognizant of this schedule?

2 A No, I was not.

3 Q Had you, in January of 1986, had any discussion  
4 with Colonel North about a notional time line for the  
5 release of hostages?

6 No.

7 Q This document on page 2 of -- actually it  
8 assigns you a particular task which is that you and  
9 Copp will proceed to rendezvous in [REDACTED] to establish a  
10 command post. I take it you had no discussion with  
11 Mr. --

12 A No. Why would we go to [REDACTED] Unless that --  
13 unless this was still connected with the use of [REDACTED]  
14 airfields. That would be the only thing that I can see  
15 any reason to go to [REDACTED] No.

16 Q He never discussed --

17 A It was never discussed with me. I never saw  
18 that time line.

19 Q This document also refers to various sort of  
20 logistical and financing arrangements for the financing.

21 A Which I had nothing to do with.

22 Q You had no knowledge of?

23 A Never had in the entire time from whenever you  
24 want to put the date on it, 17 January, when the logistics  
25 business was assigned to any division until November.

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1 Only one occasion did [REDACTED] ask me when he went off  
2 on a trip for a few days to oversee the matter and I  
3 mentioned before where there was a discussion about spare  
4 parts, those delivered, those not delivered, those broken,  
5 so on and so forth.

6 Q That you think was around September of 1986?

7 A I think September. Yes. It was sometime around  
8 there. Might have been earlier.

9 Q Let me just leap to that for a second. Was  
10 there any discussion -- was there any -- was any part of  
11 your assignment or request from Mr. [REDACTED] involved in  
12 having to do with the pricing of the parts?

13 A No.

14 Q Did you know the pricing of the parts was a  
15 fairly major item by that time in 1986?

16 A Oh, yes. George Cave would come by and chat  
17 with me about what was going on. There was a lot of  
18 confusion about the pricing. I was aware of that from  
19 talking with him.

20 Q So you were aware there was confusion over  
21 the pricing of the Hawk parts?

22 A Well, I can't say specifically Hawk parts,  
23 but confusion over pricing in general was the impression  
24 I had, that I took away from all the discussions and  
25 confusion specifically over what spare parts had been

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1 shipped, what ones were apparently broken on a rifle,  
2 and the parts that were missing.

3 I did not spend very long on that subject,  
4 because it was the bean counters all getting together  
5 to discuss that. I left the meeting.

6 Q Did you have any participation or any role in --  
7 did you have any knowledge that the Iranians had obtained  
8 a microfiche which reflected a price list for various  
9 Hawk parts?

10 A I remember George Cave talking about that.

11 Q Did you have any role in attempting to prepare  
12 another microfiche which would reflect different prices  
13 from the ones the Iranians had?

14 A None.

15 Q Let me ask you a couple of quick hits through  
16 this time period.

17 In January of 1986, Charlie Allen is told --  
18 and I can show you the document, if you will accept my  
19 characterization of this -- is told that out of another  
20 operation, told by Ghorbanifar, that out of some other  
21 operation, there might be money available for Ollie's  
22 boys in Central America.

23 Assuming that Charlie Allen was told that by  
24 Ghorbanifar, did he ever mention anything like that to  
25 you?

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1           A     No. He mentioned that only that he had come  
2 across those notes. I don't know. That was not too long  
3 ago. But that was the first I had ever heard of it.

4           Q     That was as probably best you recall sometime  
5 in 1987 he mentioned that to you?

6           A     Yes.

7           Q     Not at or about January of 1986?

8           A     No.

9           Q     Did you have a conversation with him at the  
10 time that he indicated to you that he had found the  
11 notes?

12          A     No. I think he just mentioned they were in  
13 there, and wasn't that bad luck that he had just found  
14 them or something.

15          Q     George Cave, was George Cave actually located  
16 in your area? Is that where his desk was?

17          A     No. He didn't really have a desk. I don't  
18 know if he had a desk down in NE. He'd use Charlie's  
19 desk sometimes when Charlie wasn't there.

20          Q     But you would talk to him periodically about  
21 how this operation was going?

22          A     He would come to me and it wasn't that I sort  
23 of went to him. I am not trying to throw it on to  
24 George. He dropped by and he'd say, This is what's going  
25 on; what do you think?

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1 Q I wasn't putting a sort of who went to who  
2 first. On occasion, the two of you would talk about how  
3 the operation was going?

4 A Yes.

5 Q At a meeting in March which he had, Mr. Cave  
6 had with Ghorbanifar, Ghorbanifar told him, and it is  
7 reflected in the memorandum that Mr. Cave wrote, that  
8 profits from the deal could go to [REDACTED]  
9 and might also go to the Nicaraguan rebels.

10 First, did Mr. Cave ever tell you that?

end emm

11 A No.

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mas 11 Q Assuming that that is properly characterizing  
2 it?

3 A No. The only thing connected with [REDACTED]  
4 [REDACTED] I ever heard, and I cannot say where I heard it,  
5 was that the Iranians were [REDACTED]  
6 [REDACTED]

7 Q How about the Nicaraguan rebels?

8 A No. I never heard that.

9 Q Did you have any knowledge whatsoever of  
10 diversion of funds out of this initiative to the  
11 Central American rebels?

12 A No.

13 Q Nicaraguan rebels?

14 A No.

15 Q Contras?

16 A No.

17 Q None whatsoever?

18 A None whatsoever.

19 Q Never discussed it with Colonel North?

20 A No.

21 Q There comes a time in October of 1986 when  
22 Charlie Allen and George Cave meet with Roy Furmark.

23 A Correct.

24 Q And at one of the meetings which I think takes  
25 place in late -- mid to late October, Furmark mentions that

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m2 1 Mr. Ghorbanifar had not been paid what he should have been  
2 paid, or Kashoggi, various things. Furmark tells Cave and  
3 Allen that he suspects the reason is because the money  
4 had been diverted to Central America.

5 When did you first learn that Furmark had told  
6 that to Cave and Allen?

7 A Well, I can't recall specifically, but I -- and  
8 I can't recall actually seeing what they wrote up, but I  
9 know that -- I say they, because it could have been they,  
10 but I can't recall specifically that it was, that this had  
11 come out in their conversation in New York.

12 Q So do you think you learn about it shortly .  
13 after it takes place?

14 A I would think probably but I cannot say for sure.

15 Q Did you ever talk to Colonel North about whether  
16 or not that was possible?

17 A No, I did not.

18 Q Did you ever talk to Mr. Casey about it?

19 A No.

20 Q Did you know Mr. Casey met with Mr. Furmark as  
21 well?

22 A It depends on when did I know it. I don't know  
23 whether I knew it when it happened or right after it happened  
24 or whether I learned it afterwards. I just don't know.

25 Q Did you take any steps or take any action after

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m3 1 learning that there was this allegation by Mr. Furmark that  
2 the money involved in this initiative, that you had actually  
3 been involved with approximately a year previously, the  
4 general initiative, may have gone to Central America.

5 Did you take any steps?

6 A No, I didn't.

7 Q Did you talk to anybody about it?

8 A No.

9 Q Any investigation conducted by you?

10 A No. It wasn't really my business.

11 Q On November 21st of 1986, Mr. Casey testifies  
12 before various congressional committees and the process of  
13 preparing this testimony, as I understand it, began several  
14 days prior to that time. Directing your attention first  
15 to this process, did you have any role whatsoever in  
16 preparing Mr. Casey's testimony?

17 A No. In the sense of writing things or pulling  
18 material together?

19 Q Well, yes. Let's start by pulling material  
20 together?

21 A No, I didn't. I believe to the best of my  
22 recollection, I believe I participated in one large meeting.

23 Q When was that?

24 A I cannot recall exactly when.

25 Q Do you recall how long it was prior to the time

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m4 1 that Mr. Casey testified? Casey's testimony was on a  
2 Friday, the 21st.

3 A No, I can't recall precisely when it was.

4 Q How will it have been within the week?

5 A I'm sorry. I just know that I participated  
6 in a meeting.

7 Q Do you recall who else was at the meeting?

8 A Well, it was a large number of people relatively  
9 speaking. Let's see.

10 MR. RIZZO: Let me just say I was at that  
11 meeting as well with him. It was the night before the  
12 testimony.

13 MR. EGGLESTON: Evening of the 20th?

14 BY MR. EGGLESTON:

15 Q Who all was at the meeting, if you recall?

16 A I can only recall some people there. I think  
17 Charlie Allen was there, Clair George was there. I don't  
18 recall [REDACTED] being there, but I assume he was.  
19 I am only guessing now.

20 Q Were there any non-Agency personnel present?

21 A No.

22 Q Was one of the matters discussed at this meeting  
23 at what point in time the Agency had knowledge about the  
24 contents of the flights for the November 1985 shipment?

25 A Excuse me. Would you repeat the question?

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m5 1 Q Was one of the topics that was discussed at this  
2 meeting, was one of the issues that was raised, about at  
3 what point in time the CIA, the Agency, had knowledge --

4 A Of what was --

5 Q -- what was in the November shipments?

6 A I don't recall that coming up.

7 Q Had you been consulted prior to that time about  
8 what the Agency knew? You were kind of the principal guy  
9 at the Agency who was involved in these November '85  
10 shipments.

11 A You are right.

12 Q Had anyone in preparing the CIA's chronology  
13 consulted with you about what people knew?

14 A I don't recall anybody consulting with me.  
15 I would assume they would have had to.

16 Q It would strike me that you were about all  
17 they got?

18 A Yes. No. But, frankly, I cannot recall  
19 anybody consulting with me.

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1 Q I take it if they had consulted with you, though,  
2 you would have obviously said that as far as you knew at  
3 the time, it was sophisticated oil drilling equipment?

4 A Oil drilling equipment.

5 Q But you don't recall one of the principal  
6 matters discussed during this meeting which may now have  
7 taken place on the 20th of November being the state of  
8 knowledge of the Agency as to the contents of the flights  
9 in November?

10 A No. I don't remember that being a big issue.  
11 Do you remember?

12 Q That's all right.

13 MS. MCGINN: He's not being questioned today.

14 MR. BARBADORO: We'll take his later.

15 BY MR. EGGLESTON:

16 Q Did you have any consultations with anyone  
17 at the NSC about preparing their chronology?

18 A No, I wasn't involved with that.

19 Q Not at all?

20 A No.

21 Q No discussion with Colonel North about what  
22 the NSC knew or any role?

23 A None whatsoever.

24 Q Any role in preparing for the President's  
25 press conference which took place on November 19th?

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1 A No.

2 Q During that week, the week of November 18th or  
3 so through the 21st, were you ever in Colonel North's  
4 office helping prepare the chronology with him?

5 A No.

6 Q Did you attend Casey's testimony? Were you  
7 there on the 21st? I guess he testified in the morning  
8 before HPSCI and later that day before the Senate  
9 committee.

10 A I was at the HPSCI testimony. Wasn't there  
11 a Foreign Affairs -- wasn't there testimony before  
12 Foreign Affairs?

13 MR. GIZA: Earlier.

14 THE WITNESS: Was that earlier?

15 MR. GIZA? May have been a day or so. It  
16 is very confusing.

17 THE WITNESS: The only one I recall being  
18 there for was HPSCI.

19 BY MR. EGGLESTON:

20 Q Later in the day on the 21st, Mr. Casey  
21 testifies before the Senate select committee. Do you  
22 think you were not present for that testimony?

23 A I don't recall being there.

24 Q Let me ask you about a few other areas. You  
25 had, I take it, a device called a KL-43?

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- 3
- 1 A Yes.
- 2 Q Where did you get it?
- 3 A Some fellow showed up with it one night.
- 4 Q When was that?
- 5 A Well, I can't recall specifically what time it
- 6 was, what day it was, even what month it was.
- 7 Q Was it in 1985 or 1986?
- 8 A Seems to me it was in 1985.
- 9 Q Okay.
- 10 A I believe it was in 1985. I can't tell you
- 11 when in 1985.
- 12 Q Who showed up with it?
- 13 A I don't remember the fellow's name.
- 14 Q Was he a CIA employee?
- 15 A No. [REDACTED] I think.
- 16 Q Did he tell you why he was giving it to you?
- 17 A Yes. I guess -- the best of my recollection,
- 18 he said Ollie North thought I ought to have it so we
- 19 didn't have to repeat what we did with the Achille Lauro
- 20 on the phone because we didn't have any secure telephones
- 21 in the home at that time.
- 22 Q Did you ever talk about this KL-43 with
- 23 Ollie North?
- 24 A No. And I never used it.
- 25 Q You never used it?

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1 A Never used it. Never even had the key.

2 Q There comes a time when you take it out of the  
3 building, doesn't there?

4 A I was supposed to have it at home.

5 Q And --


6 A At least that's what the whole idea was.

7 Q Do you still have it?

8 A No.

9 Q When did you give it back or give it up or  
10 get rid of it?

11 A Well, I brought it back from home almost  
12 immediately and it sat around in my safe until, I don't  
13 know, six weeks ago, whatever.

14 Q My understanding of these devices is that what  
15 is -- pardon the layman's use of the word -- 

16

17

18

19 A The key?

20 Q Is it called a key?

21 A No. I guess it is called that. That's the  
22 only thing I can think of you are referring to.

23 Q My understanding is those are changed on a  
24 fairly regular basis.

25 Did you receive new keys periodically?

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1 A I never received any key.

2 Q So you did not have a key at all to this?

3 A That's right.


4 Q Did you receive this from Colonel North before  
5 or after your involvement in November of 1985?

6 A I can't recall whether it was before or after.  
7 I believe it was in 1985.

8 Q But you cannot place it any better than 1985?

9 A I'm trying to -- seems to me it was more  
10 connected with the Achille Lauro thing. The Achille  
11 Lauro was October. Seems to me it was because of so much  
12 talk on the home phones, but I can't be precise about that  
13 because I just don't recollect.

14 Q I'm not sure I understand your answer. Did  
15 you ever talk to Colonel North about the reason he had  
16 sent you one of these things?

17 A I don't recollect talking to him specifically  
18 about it 

19

20 Q Did you know who else had them?

21 A No, I didn't.

22 Q I take it you knew or assumed Colonel North  
23 had one?

24 A Well, yes.

25 Q Did you know whether Admiral Poindexter had

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1 one?

2 A No, I didn't.

3 Q Did you know whether anyone else inside the  
4 Agency had one?

5 A No, I didn't.

6

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Q Did you know whether General Secord had a --  
12 had such a device, a KL-43?

13

A No, I didn't.

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[REDACTED] parenthetically, when in 1984 did this take place?

9

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A It was -- the best of my recollection, it might have been late March or April.

11

12

13

Q Do you recall any discussion with officials of [REDACTED] Government about the [REDACTED] providing assistance to the contras?

14

A No.

15

16

Q Did you ask any official in the [REDACTED] Government to provide assistance to the contras?

17

A No, I didn't.

18

Q Any request to provide monetary assistance?

19

A No.

20

Q Any request to provide munitions, materiel?

21

A No.

22

Q Training-type assistance?

23

A No.

24

Q So you did not ask that the [REDACTED]

25

provide any type of assistance whatsoever to the

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1       contras?

2           A     That's correct.

3           Q     Did they inform you or tell you at any time  
4       that they were already providing assistance to the  
5       contras?

6           A     No, they didn't.

7           Q     Did they tell you they were willing to provide  
8       assistance to the contras?

9           A     No.

10          Q     Have you discussed with any -- with officials  
11       of any other country the providing of assistance to the  
12       contras?

13          A     No.

14          Q     Have you ever solicited funds from officials  
15       of any other country?

16          A     No.

17                MS. MCGINN: Can we get a date on these?

18       You are asking him questions about what time frame?

19                MR. EGGLESTON: I am willing to say from 1980  
20       to the present.

21                THE WITNESS: Have I --

22                MR. RIZZO: That certainly narrows it down.

23                MR. EGGLESTON: It is ever. I am taking it  
24       he's answering these questions no. If he were to answer  
25       yes, there's so many occasions I can't delineate them,

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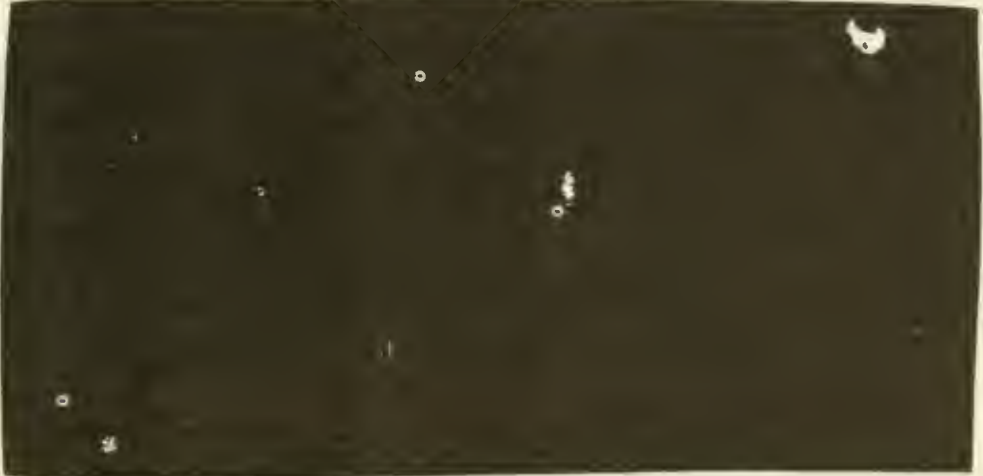
1 I would probably do it in a slower one-at-a-time  
2 fashion.

3 I am anticipating his answer to the question.  
4 Ever is going to be it.

5 MS. MCGINN: I want to make sure he understands  
6 the time frame you are talking about.

7 THE WITNESS: Solicit -- go back to that  
8 question again. After we have left [REDACTED]

9 BY MR. EGGLESTON:



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17  
18 Q After January 1 of 1984, did you make any  
19 requests of any countries outside of [REDACTED]  
20 [REDACTED] for assistance to the contras?

21 A No.

22 Q Have you heard of a ship called the Erria?

23 A No.

24 Q In the spring of 1986, did Colonel North  
25 discuss with you a ship that he had available for use

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1 by the Agency?

2 A There was some connection. I don't know whether  
3 he discussed it with me or people in NE Division discussed  
4 it. [REDACTED]

5 Q Do you recall -- but you don't recall what  
6 ship it was?

7 A No.

8 Q Did you ever discuss it directly with Colonel  
9 North?

10 A No. I don't recall ever discussing it --  
11 you know, it seemed to me it came up as a [REDACTED] operation  
12 in some context.

13 Q I just wasn't sure about your answer. You  
14 don't think you ever discussed it directly with Colonel  
15 North?

16 A No.

17 Q Or anyone else on the NSC staff?

18 A No, and I never heard the name.

19

20 end emm  
21 3B

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1 Q Never heard the name.

2 Did Mr. [REDACTED] assuming this is true -- he has  
3 testified that he had a brief conversation with Colonel  
4 North about it.

5 Do you recall whether you ever discussed the  
6 ship with Mr. [REDACTED]

7 A Whether I discussed it with Mr. [REDACTED]

8 Q Did he consult with you on whether it would be a  
9 good idea to use it, buy it, or rent it?

10 A [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 One of those had to do with

17 and there were problems of the -- [REDACTED]

18 [REDACTED]

19 [REDACTED] and at some point -- and I don't know who  
20 raised it -- whether it was Ollie North or whomever -- the  
21 question is of having a ship [REDACTED]

22 I don't even know what kind of ship it was. Could  
23 possibly -- that Ollie at least had some control over --  
24 could be used for this [REDACTED]

25 Q You just generally recall this being discussed at

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1 a meeting, I take it?

2 A Right.

3 Q And you don't -- you were not -- you don't have  
4 any greater knowledge of it than this knowledge you are  
5 relating to us that was imparted to you during the course  
6 of this meeting?

7 A No. It was in that meeting. I feel quite  
8 confident that is where.

9 Q Do you recall that the ship was used in November  
10 or December of 1986 with regard to the Iran initiative?  
11 Do you have any knowledge about that?

12 A It seemed to me that a ship was going to go --  
13 and I didn't know whether it was this ship -- that some  
14 shipment -- ship was going to go to someplace, Bandar Abbas,  
15 and pick up a T-72 tank.

16 Q Did you understand that to be part -- did you  
17 understand whose ship that was?

18 A No, just that the ship was going to go.

19 Q Did you think it was a CIA ship?

20 A Frankly, you know, it wasn't something I was  
21 involved in. It is just something I learned about  
22 peripherally.

23 Q Do you know whether the ship ever did it?

24 A No.

25 Q In 1984, [REDACTED] the LA division,

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1 there comes a time in the spring of 1984 when the agency  
2 reaches the cap on funds that are allowed to be expended on  
3 behalf of the contras.

4 What steps did you take at or about that time in  
5 order to prepare the contras for the fact that they were  
6 going to be running out of funds?

7 Did you meet with the contra leaders? What did  
8 you do, if you recall?

9 A Well, at that point in time, there was still --  
10 we are talking about -- the funds were getting ready to sort  
11 of run out.

12 We had worked out a plan to stretch them out into  
13 July, I think, or the first of August, or certain payments.  
14 And I think basically we didn't do very much about getting  
15 ready for the cut-off, frankly.

16 There was still the hope that the President  
17 would pull it out of the bag as he had before, and there was  
18 no real planning for contingencies. The planning for  
19 contingencies went the other way. We were planning for  
20 draw down on personnel in [REDACTED] and a plan was drawn  
21 up, indeed, for that purpose.

22 Q What do you mean by "draw down"?

23 A In other words, you aren't going to need [REDACTED] people  
24 to work with the contras if you aren't going to have any  
25 money.

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1 A In October.

2 Now -- ask me the question again.

3 Q The question is, during that period of time, to  
4 your knowledge, were there any discussions in the CIA about  
5 soliciting aid from third countries?

6 A No. Soliciting aid for third countries never  
7 came up, to my knowledge.

8 Q Why was [REDACTED] replaced as the head of  
9 the Central American task force?

10 A At that time, we are talking about October. He  
11 wasn't going to be replaced. I wanted him to stay on until  
12 the spring of -- what year are we in? 1985? I sort of  
13 wanted a phase-in with [REDACTED] Those two in the same  
14 room for more than three days is just impossible.

15 The plan had been for [REDACTED] to leave in the  
16 spring of 1985, anyway.

17 Q He was being asked to leave before his normal  
18 tour was up. Do you know why?

19 A I don't know whether he was being asked to leave  
20 before his normal tour was up. If a phase of a transfer  
21 had happened the way the director wanted it to happen at  
22 that time, there would have been a long overlap into the  
23 spring of 1985, which would have been when he wanted out,  
24 anyway.

25 Q Why did they plan to have a period of overlap

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1 between [REDACTED] and [REDACTED]

2 A Because the director, in particular, thought it  
3 would take somebody a good bit of time to learn the ropes.

4 With my departure, having been with it all the way  
5 along, they wanted to keep [REDACTED] in there as long as  
6 possible to provide the continuity.

7 Q You don't know why [REDACTED] was -- it was  
8 decided [REDACTED] should leave the Central American  
9 task force?

10 A You mean early?

11 Q At any point.

12 A No.

13 Q Do you know why it was decided he should leave?

14 A No. There was a certain amount of tugs and pulls  
15 in that place, but I don't think that was the -- there  
16 was -- it was anybody's intention to have him leave early.  
17 It was the intention to get somebody in there to under-  
18 study him for a long overlap, at least in the director's  
19 mind.

20 Q Were you responsible for doing performance  
21 evaluations for [REDACTED] in your capacity [REDACTED]  
22 the LA division?

23 A Yes.

24 Q Was there anything wrong with his performance  
25 as head of the Central American task force?

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1 A No, none whatsoever.

2 Q Between June of 1984 and October of 1984, it is  
3 my understanding you were replaced [REDACTED] the Latin  
4 American division; [REDACTED] was replaced as  
5 chief of the Central American task force; the [REDACTED]  
6 [REDACTED] was replaced; and the [REDACTED]  
7 [REDACTED] was replaced?

8 A Yes, because he was coming up on three years.

9 Q Is that unusual for the -- all of the main  
10 actors with regard to the contra program to be replaced,  
11 within a three or four-month period?

12 A Well, no.

13 In the best of all worlds, you wouldn't want to  
14 have that happen. You have to remember that I was coming  
15 up on three and a half years in that job. I already  
16 made it clear to the director, given my medical history,  
17 that I had had enough. And I think some other people  
18 downtown here had had enough of me.

19 Dick, you can speak to that.

20 MR. GIZA: You had been kicked around long  
21 enough.

22 THE WITNESS: There was a certain amount of  
23 momentum there from all sides.

24 The [REDACTED] thing -- probably [REDACTED] being  
25 an [REDACTED] -- is much more sensitive, and it -- may have let

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1 it be known that he was upset with the way the whole thing  
2 was handled.

3 In fact, as far as the director was concerned,  
4 he wanted [REDACTED] to stay there until April and the guy  
5 [REDACTED] from October to April.

6 Now, the [REDACTED]

7 BY MR. BARBADORO:

8 Q [REDACTED] I can understand that.

9 A [REDACTED] came out, because  
10 that man was about ready to kill himself down there. He  
11 had been down there three years.

12 In the case of [REDACTED] he had come out --

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 But the answer to your generic question -- yes,  
17 it isn't the best of all things to have happen.

18 Q But the changes of personnel, to your knowledge,  
19 had nothing to do with the fact that after October of 1984  
20 there were going to be restrictions on what the CIA could  
21 do vis-a-vis the contras?

22 A Not to my knowledge.

23 Q Do you know a DEA officer named [REDACTED]

24 A I have heard the name. One of my people has worked  
25 with him -- [REDACTED]

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Q Are you aware of a plan to gain the release of the hostages that involved DEA officers?

14

15

A All I am aware of is that there were some DEA people [REDACTED] who were working -- trying to collect information.

16

17

18

Q When did you become aware that there were some people -- DEA people [REDACTED] trying to collect information?

19

20

A I think that came up at the operational support group. I can't recall exactly when. But I started going to those meetings in March of 1986.

21

22

23

Q Who would have raised it at the operational support group?

24

25

A I don't know.

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1 Q Did Colonel North ever discuss a proposal with  
2 you that involved gaining the release of the hostages through  
3 the use of DEA officers and their informants?

4 A No, I never heard of an operation to gain the  
5 release of anybody through DEA. Collection of information,  
6 yes.

7 Q Do you know whether anybody in the CIA paid money  
8 to DEA agents for expenses and for informants' expenses in  
9 1985 in connection with an operation to gather information  
10 concerning the hostages?

11 A No.

12 Q Are you familiar with a plan in 1986 that  
13 involved these DEA officers and their contacts [REDACTED]  
14 [REDACTED] to gather information about the hostages?

15 A I can't say about contacts. I was aware that  
16 there were DEA people [REDACTED] that were working on  
17 collecting information on hostages.

18 Q What were they doing?

19 A I don't know. I just know they were collecting  
20 information.

21 Q How were they collecting the information?

22 A Presumably from informants.

23 Q Who was paying for the informants?

24 A I don't know.

25 Q When were they collecting the information?

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1           A     All I can say is that I went to the OSG meetings  
2 beginning about March 1986, and some time during the course of  
3 one of those meetings I learned from somebody or somebody  
4 stated at the meeting that there was a collection effort  
5 going on.

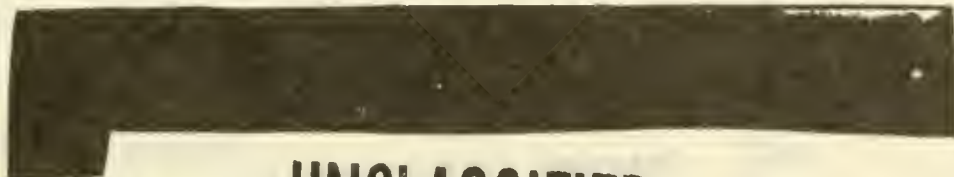
6           Q     And you know nothing more about it than that, just  
7 there was an effort to collect information concerning the  
8 hostages that involved DEA sources?

9           A     That is right.



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18           Q     Do you know anything about a plan in 1986  
19 involving these DEA officials and their contacts to pay  
20 bribes to certain officials [REDACTED] to gain the release  
21 of the hostages?

22           A     No, I do not.



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Q Have you ever heard the name Rafael Quintero?

6

A Was he one of the fellows that came to Cyprus when the Jacobsen --

8

Q In November of 1986?

9

A Seems to me I heard the name for the first time then.

10

11

Q What can you tell me about that?

12

A That is all I can tell you. He was there at the time.

13

14

Q How about a guy named Dutton?

15

A Never heard of Dutton.

16

Q Do you know what Quintero was doing there?

17

A It had something to do with an airplane that was brought down there.

18

19

Q Who sent Quintero?

20

A I have no idea.

21

Q What was he supposed to do there?

22

A I don't know.

23

MR. BARBADORO: Let me mark as Clarridge Exhibit 5

24

a cable from the [REDACTED] dated 11 November 1986.

25

(Exhibit DRC-5 was marked for

**UNCLASSIFIED** identification.)

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1 BY MR. BARBADORO:

2 Q Please take a look at that and tell me if you  
3 recall receiving it.

4 A This is all this traffic having to do with --  
5 yes.

6 Q Do you recall reading that cable?

7 A I don't specifically recall it, but I probably  
8 read it. All that stuff was coming in.

9 Q Did you make any effort to determine who Dutton  
10 and Quintero was?

11 A No, not one iota.

12 Q Did you ever discuss Dutton and Quintero with  
13 Oliver North?

14 A No, I never did. You see, again, this is one of  
15 these cases -- is that at first this -- well --

16 Q Go ahead.

17 A This is another one of these cases, initially we  
18 were asked to provide commo support. So, we were providing  
19 commo support, passing messages. Pretty soon I began to  
20 understand the White House was passing their own messages.

21 I called them up and said, "What the hell am  
22 I doing this for? This is ridiculous. You are sending them,  
23 I parallel."

24 I ceased. But they didn't cease informing me on  
25 all this stuff.

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1 MR. BARBADORO: That is all I have.

2 MR. EGGLESTON: I think Dick has five minutes  
3 worth of questions.

4 EXAMINATION

5 BY MR. GIZA:

6 Q Dewey, when the director asked you in late  
7 January 1986 to look at this counter-terrorism problem,  
8 you went ahead and looked at it?

9 A Yes.

10 Q Did you ever talk to Ollie North about it at  
11 the time?

12 A I interviewed a great many people outside the  
13 building and inside the building. I had a list that  
14 I appended to the paper I wrote which listed everybody  
15 I talked to.

16 Maybe I talked with Ollie and maybe -- but  
17 I simply don't know. If I had detailed discussions with him,  
18 his name would be on that list.

19 Q The [REDACTED] gets established  
20 mid-February.

21 A Correct.

22 Q You become a principal focus within the Central  
23 Intelligence Agency for counter-terrorism matters, and, in  
24 part, you become a principal focus within the overall  
25 Washington community for looking at this counter-terrorism

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1 problem. You start attending meetings of the OSG or the  
2 T-WIG?

3 A OSG. . .

4 Q Operation Support Group.

5 In all of these meetings that you attended within  
6 the OSG and others, is this sort of the clearinghouse  
7 for knowing what the hell is going on in town? Is this  
8 where people kind of share their thoughts about operational  
9 problems?

10 A You mean in general?

11 Q Yes.

12 A No. I wouldn't say that. I wouldn't say that.

13 The matters were confined to terrorism and spin-  
14 offs of terrorism, the hostage problem. There is, however --  
15 there tends to get to be a blurry line sometimes as where  
16 overall policy towards the country -- use [REDACTED] as an  
17 example. You have an overall [REDACTED] policy, and policy  
18 towards [REDACTED] on terrorism overlap.

19 That has created some confusion in the OSG, and  
20 we have tried to get other components, other interagency  
21 groups to deal with the overall [REDACTED] policy, if you will,  
22 with participation of people who deal with terrorism.

23 Q You are beginning to put this [REDACTED]

24 [REDACTED] together at CIA. Charlie Allen is the NIO for  
25 counterterrorism. He predates the establishment of the

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[REDACTED]

Did Charlie Allen ever report to you that he was having meetings of a substantive nature with either [REDACTED] or [REDACTED] of the DEA?

A No, he didn't.

Q You had no idea that Mr. Allen was having discussions and/or meetings with these individuals?

A No, I did not know that.

Q In response to Mr. Barbadoro's questions, you indicated you had no knowledge that DEA was going to conduct an operation or was planning or thinking about conducting an operation paying bribes to get our hostages released.

(No audible response.)

Q In the context of the OSG, you indicated somewhere along the line you heard about DEA, or there was a possibility there were DEA people [REDACTED] collecting information?

In the OSG, were there any references made to this Iranian operation of arms for hostages or the efforts being made to deal with Ghorbanifar, [REDACTED] and others?

A I don't remember -- there was certainly an awareness that an effort was being made to get the hostages out, working certain channels to Iran. Never in any great detail was it ever discussed in there.

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1           You had a latter point about Ghorbanifar. I don't  
2 remember their names sort of coming up specifically. They  
3 may have. I don't recollect it.

4           Q     Was it kind of generally acknowledged in the  
5 counterterrorist community that one way you could go about  
6 obtaining the release of the hostages was to pay them off,  
7 to pay off bribes, to get the hostages released?

8           A     No, that was not the position.

9           Q     That was not the position?

10          A     No, it was not.

11          Q     So, it was never kind of generally acknowledged  
12 that there was non-governmental money available for these  
13 kinds of activities or operations?

14          A     No.

15          Q     Never?

16          A     No.

17          Q     Never formally discussed, informally discussed?

18          A     No, never either in an OSG meeting or any other  
19 forum that I was ever in.

20          Q     Did you have occasion after the time frame that you  
21 became the head of the [REDACTED] to discuss this terrorist issue,  
22 this terrorist problem with Ollie North?

23                 What were these main kinds of things you had to  
24 get at to focus at to get -- to put a stop to terrorism,  
25 to get the hostages released? Did you ever have these kinds

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1 of discussions?

2 A Sort of philosophical discussion?

3 Q Yes, sitting over a beer, whatever.

4 A No, never saw him that way. Very occasionally  
5 over the years. I can say that I never had a philosophical  
6 discussion with him.

7 Q Did Ollie ever talk to you about the need for --  
8 to pay bribes to get hostages out?

9 A No, I never heard him ever, ever say that.

10 Q Never heard him say that.

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MR. GIZA: That is all I have.

17

Thank you.

18

MR. BARBADORO: One other thing quickly.

19

EXAMINATION

20

BY MR. BARBADORO:

21

Q You worked in the Near East division at one point,

22

didn't you?

23

A That is correct.

24

Q How familiar are you with the Wilson case and the

25

people involved in the Wilson case?

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1 A I am not familiar with it at all.

2 Q Did you know Thomas <sup>C</sup>lines?

3 A No. I may have met him once when he was the  
4 [REDACTED] of the DEO, but once is probably about the  
5 max.

6 Q Did you know Ted Shackley?

7 A Yes, I know Ted Shackley.

8 Q Did you know in 1985 when you first heard the  
9 name Secord that Secord had been associated with Shackley,  
10 <sup>C</sup>lines, and Wilson?

11 A I did not.

12 MR. BARBADORO: That is all I have.

13 MR. EGGLESTON: That is all I have.

14 Thank you very much, Mr. Clarridge, on behalf of  
15 the House and Senate Select Committees. We appreciate your  
16 time today.

17 (Whereupon, at 2:00 p.m., the deposition was  
18 adjourned.)

19

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The following text is extremely faint and illegible, appearing to be a list or a set of instructions. It is located in the lower half of the page, below the diagram.



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**TRANSCRIPT OF PROCEEDINGS**

EX NO. 1 OF 2 COPIES

SELECT COMMITTEE ON ~~SECRET~~ MILITARY ASSISTANCE

TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

AND

SELECT COMMITTEE TO INVESTIGATE COVERT

ARMS TRANSACTIONS WITH IRAN

U. S. HOUSE OF REPRESENTATIVES

Deposition of ~~James Earl Ray~~

43 44

Page ~~151~~

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SELECT COMMITTEE TO INVESTIGATE COVERT  
 ARMS TRANSACTIONS WITH IRAN  
 U.S. HOUSE OF REPRESENTATIVES  
 AND  
 SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE  
 TO IRAN AND THE NICARAGUAN OPPOSITION  
 UNITED STATES SENATE

Wednesday, June 17, 1987

Washington, D.C.

Deposition of RAY STEINER CLINE, taken on behalf of  
 the Select Committees above cited, pursuant to notice, com-  
 mencing at 10:10 a.m. in Room 901 of the Hart Senate Office  
 Building, before Terry Barham, a notary public in and for the  
 District of Columbia, when were present:

For the Senate Select Committee:

CHARLES KERR, Esq.  
 Associate Counsel

For the deponent:

Pro se

Partially Declassified/Released on 1-22-88  
 under provisions of E.O. 12356  
 by N. Manan, National Security Council

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art2

# UNCLASSIFIED

## C O N T E N T S

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Senate Select Committee	3

### EXHIBITS

<u>Cline Exhibits</u>	<u>Marked</u>
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2	7
3	10
4	27
5	28
6	28
7	30
8	30
9	55
10	91
11	137

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PROCEEDINGS

1

2 Whereupon,

3

RAY S. CLINE,

4 was called as a witness and having first been duly sworn, was  
5 examined and testified as follows:

6

EXAMINATION BY COUNSEL FOR THE

7

SENATE SELECT COMMITTEE

8

BY MR. KERR:

9 Q Dr. Cline, if you would state your full name,  
10 please.

11 A Ray S--which stands for Steiner, S-t-e-i-n-e-r--and  
12 the last name is Cline. C-l-i-n-e.

13 Q Where do you live, Dr. Cline?

14 A

15

16 Q And your present employer?

17 A The U.S. Global Strategy Council.

18 Q And what position do you hold with them?

19 A I'm chairman of the institution, or the council.

20 The CEO.

21 Q Would you give me a very brief description of what  
22 the council does.

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1 A Well, let me read it to you from right here, so we  
2 don't confuse the record.

3 Q All right.

4 A "The Global Strategy Council is a nonprofit, tax-  
5 exempt educational research foundation. Its purpose is to  
6 promote global strategic planning and decision-making in the  
7 U.S. Government." This brochure spells out some of the  
8 concepts. Perhaps it would be helpful to add to the record:  
9 The Global Strategy Council is basically a, quote, "strategy  
10 network", unquote, of specialists with expertise in every  
11 region and aspect of international conflicts.

12 MR. KERR: And I think, so we can keep the record  
13 clear, I'm going to mark as Exhibit 1 to your deposition the  
14 brochure for the U.S. Global Strategy Council that you were  
15 just quoting from.

16 (Whereupon, the above-referred  
17 to document was marked Cline  
18 Deposition Exhibit No. 1  
19 for identification.)

20 THE WITNESS: That's why I brought those in.

21 MR. KERR: Very good. Thank you.

22

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1 BY MR. KERR:

2 Q Would you describe your educational background,  
3 please.

4 A I have three degrees from Harvard University, AB,  
5 MA and Ph.D. I also was a fellow at Oxford University,  
6 Balliol College, many years ago. At present I am adjunct  
7 faculty member at Georgetown University.

8 Q You received your AB degree when?

9 A '39. MA, '41. Ph.D., '49.

10 Q And your Ph.D. was taken in what area?

11 A History of international relations, and at Geor-  
12 getown, I am a professor of international relations in the  
13 adjunct faculty of the school's foreign service.

14 Q When did your association with Georgetown begin?

15 A In 1974. Well, December 1973, if you want the  
16 precise date, shortly after I retired from Government.

17 Q I'd like you to go through with me your employment  
18 history, and if you can take me, chronologically, through the  
19 jobs you've held, I would appreciate that.

20 A Well, quite a few of them are mentioned in my  
21 biographical sheet, which I wonder if we couldn't enter as  
22 Exhibit 2, and then I'll be able to briefer than that--

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1 Q You refer to whichever biographical piece you  
2 prefer.

3 A This is the one.

4 Q All right.

5 A It is a biographical sheet. Early--to summarize--I  
6 left the university in 1942 to work as an intelligence  
7 officer for the U.S. Navy; transferred to the Office of  
8 Strategic Services in 1943, where I completed the war period.  
9 I, as this says, I subsequently served 30 years. I was in  
10 the Department of the Army as a historian from 1946 through  
11 1949. I went to CIA for 20 years, from 1949 to 1969, with  
12 several overseas assignments, but with different titles, but  
13 always employed, paid by CIA. In November 1969, I was  
14 appointed director of the Bureau of Intelligence and Research  
15 in the U.S. State Department, where I worked until November  
16 1973. I retired from the civil service as an annuitant at  
17 that time, and within a few weeks took up employment at the  
18 Center for Strategic and International Studies, CSIS, which  
19 is described in this pamphlet, and, shortly after that,  
20 agreed to serve as an adjunct professor at the university.  
21 Adjunct means you don't get paid, essentially.

22 MR. KERR: Please mark the biographical sketch as

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art7

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1 Cline Exhibit 2.

2 (Whereupon, the above-referred  
3 to document was marked Cline  
4 Deposition Exhibit No. 2  
5 for identification.)

6 THE WITNESS: And perhaps you'd like to add the  
7 description of the CSIA.

8 MR. KERR: We'll come to CSIA in just a minute.

9 THE WITNESS: It's not very useful, but, you know,  
10 it gives you an idea, if you want it, and it does refer to my  
11 resignation.

12 BY MR. KERR:

13 Q With regard to your CIA career, what position did  
14 you hold with the CIA at the time of your retirement?

15 A At the time of my retirement? I was the, what we  
16 call the

17

18

19 Q And you held that position of  
20 during what period of time?

21 A Almost four years.

22 Q And your position immediately prior to taking the

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1 [REDACTED] was what?

2 A That was in Washington as deputy director of CIA  
3 for intelligence. It's usually called the DDI.

4 Q And you held the position as--

5 A I held that from mid--sometime in the spring of  
6 1962 until mid-1966 when I went immediately to [REDACTED]

7 Q The distinction between directorates, operations  
8 versus intelligence, was that distinction recognized in the  
9 '60s when you were there?

10 A Oh, yeah. I helped invent it.

11 Q All right.

12 A It goes back a good distance, and the DDI is  
13 essentially the chief full-time analyst, research-oriented  
14 person in CIA, whereas the Operations Directorate is mainly  
15 concerned with overseas activities, primarily in the intel-  
16 ligence collection field as distinct from research and  
17 analysis.

18 Q The bulk of your CIA career, was it spent in the  
19 intelligence directorate or the Operations Directorate?

20 A That's a little hard to answer because I'm a fairly  
21 unique person and shifting back and forth--

22 Q I gather.


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1           A       --from these departments. I had three major  
2 overseas assignments which are viewed as operational assign-  
3 ments, but the greater number of years were spent in the  
4 directorate of intelligence which is the research and  
5 analysis part of the Agency.

6           Q       All right. Your three overseas assignments were  
7 where?

8           A



9  
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11  
12  
13          Q       Thank you.

14          A       Other than that, my work was always--within the  
15 CIA, was always as an analyst or director of research of some  
16 sort. Because of my academic background, people think of me  
17 primarily as a research-oriented person, although I did have  
18 overseas experience.

19          Q       During the period of time that you were DDI, can  
20 you tell us who the director or directors were during the  
21 period.

22          A       John McCone had become director shortly before I

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1 returned to take that post, returned from overseas to take  
 2 that post. I came directly from the position of [REDACTED]  
 3 [REDACTED] The only other DCI in my period was Admiral "Red"  
 4 Raborn, R-a-b-o-r-n, who had a very short tour in 1965 and  
 5 1966, and who left that job shortly after I went to [REDACTED]  
 6 Those are the only two DCIs I worked for. [REDACTED]

7 Q Who was the DDO when you were in [REDACTED]

8 A Well, it was mostly a man named Fitzgerald, who is  
 9 now dead. The DDO, when I was DDI, was, for a time, Helms,  
 10 and for a time, Fitzgerald. Fitzgerald stayed on most of the  
 11 time, as far as I remember, all the time that I was in  
 12 [REDACTED]

13 MR. KERR: The November-December 1986 CSIS publica-  
 14 tion that you gave us will be Exhibit 3.

15 (Whereupon, the above-referred  
 16 to document was marked Cline  
 17 Deposition Exhibit No. 3  
 18 for identification.)

19 BY MR. KERR:

20 Q You became associated with CSIS when?

21 A In December 1973.

22 Q And you would have resigned--

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1           A     I don't think it says there. It's October 1st, I  
2 believe, 1986. However, resignation means I go off the  
3 payroll. I'm still called a senior advisor at CSIS. These  
4 "think tanks" have a lot of interlocking members as you can  
5 understand.

6           Q     With regard to CSIS, again, if you can give me a  
7 thumbnail sketch of what CSIS is.

8           A     Well, it is a private nonprofit research group  
9 concentrating on strategic and international issues with a  
10 view to public education and academic type influence of ideas  
11 in the U.S. Government. Its objectives are very similar to  
12 the Global Strategy Council which I described to you earlier,  
13 which is a smaller and newer organization with many of the  
14 same purposes.

15          Q     With regard to CSIS, it was associated, at one  
16 time, I believe, with Georgetown. Is that correct?

17          A     Yes. As a matter of fact I think it still is.  
18 It's just separating itself from Georgetown. It may now be  
19 separated, but I think probably it's more like the end of  
20 July before it's effective, but it was always an independent  
21 autonomous operation at Georgetown, separate from the faculty  
22 there. But associated with the goals and personnel of the

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1 university. Last year, it was mutually decided that CSIS had  
2 become so big, that it was better for it to have an indepen-  
3 dent corporate structure, separate from the university, and  
4 that process has been taking place for about a year.

5 It was always independent in the sense that it  
6 raised its own funds, and spent its own money, paying fees  
7 for administrative services to the university, not a normal  
8 department of the university.

9 Q With regard to the Central Intelligence Agency,  
10 could you describe your relationship with the Agency, after  
11 you left the Agency in 1973-74.

12 A Yes. The answer is it was minimal to nil. When I  
13 retired, I criticized Dr. Kissinger for the way he used the  
14 intelligence agencies, and the state of the intelligence  
15 community, and I wrote a book on this subject a little later,  
16 which made me pretty much persona non grata with--not the  
17 individuals, but the institutions of Government during the  
18 Ford and Carter period.

19 And I had no contacts during the end of the Nixon  
20 period, either. So from the time of my resignation to 1973,  
21 because of my views about the Nixon-Kissinger administration--  
22 they were less unfriendly toward Ford, but of course

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1 Secretary of State Kissinger was pretty unfriendly at that  
2 time. I had very little contact with the Government at all,  
3 devoting myself to this private research activity. During  
4 the Carter administration, again, I offered some advice but  
5 it was largely rejected, so I had very little contact.

6 My only acquaintance was with George Bush when he  
7 was, for a short time, director of Central Intelligence, but  
8 that was purely personal. I gave him advice based on my book  
9 which was published in 1976, I believe. I brought a copy of  
10 my book in but I don't want to give it to you. It's out of  
11 print, but, if you want to mention it.

12 Q Let's get the title of it.

13 A It's called "Secrets, Spies and Scholars", subtitled  
14 "Blueprint of the Essential CIA", printed by Acropolis Books  
15 in Washington, D.C., and the date was 1976. So there are  
16 several subsequent editions but that was the first one, and  
17 pretty well established, that while I had a great respect for  
18 the intelligence community and the CIA, I felt that it tended  
19 to be misused by Government authorities in the '70s.

20 Q All right. With regard to your contact with the  
21 Central Intelligence Agency after your retirement, did you  
22 have a contact or a case officer?

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1           A       No, not in those early years. I don't recall any  
2 at all. You know, I know so many people who used to work for  
3 me, thousands, literally, in various capacities, that people  
4 may have talked to me about intelligence matters. If so, it  
5 was always in a personal and not official capacity. After the  
6 Reagan election in 1980, and the appointment of William Casey  
7 as head of intelligence, I then accepted a contact--not a  
8 case officer, because it's different.

9                   Now let me be sure to explain that to you, in case  
10 you don't know.

11           Q       Yes. That would be helpful; if you would do that.

12           A       When I was the deputy director of intelligence, I  
13 was the supervisor of a special office which we then called  
14 the [REDACTED] I don't honestly know what  
15 they call it, now, it's been changed a little I think, but it  
16 is essentially [REDACTED]

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[REDACTED]

So, once I in effect became more sympathetic with the administration, and the intelligence community, beginning in early 1981, from time to time, then, I began receiving in my office perfectly openly, a visit from a member, a series of members assigned to that task, from the staff which I still call [REDACTED]

And I actually brought the names of those people in, somewhere.

Q That would be helpful.

A I think I brought them in. At least I have them somewhere. I can give them to you.

Q All right.

A Okay?

A Let's do it this way. During the period between '74 and '81, did you have a contact, or contacts with the Agency?

A No. Not official. As I say, I don't mean to say I never saw--

Q No. I understand.

A --or talked with Agency employees, because they were my friends, but I deliberately maintained a distance

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1 from them, and the only one that I could contact, that I  
2 could consider quasi-official, was with George Bush, the  
3 director, and that was limited.

4 Q All right. When Director Casey received his  
5 appointment in '81, at that time, do you recall being aware  
6 of the [REDACTED]

7 [REDACTED]  
8 A No, unless that was the name of the [REDACTED]  
9 [REDACTED] subsequently. I was not aware of that title.

10 Q If you can give me the names that you recall, of  
11 your CIA contacts, that would be helpful.

12 A Yeah. I just found them.

13 Q Great.

14 A [REDACTED] was the  
15 first one, as I recall.

16 Q Okay.

17 A Second. [REDACTED] Third. [REDACTED]

18 [REDACTED] Fourth. [REDACTED]

19 [REDACTED] and fairly recently then she was replaced--  
20 these people all rotated, did different jobs.

21 Q I understand.

22 A She was replaced by a man named [REDACTED]--I presume he

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1 has a more formal name, but I call him

2

3 Q One more time.

4 A

5 Q

6 A And they all work in this same office.

7 Q All right. And that would have been the

8

9 A

10

11

12 Q All right.

13 A

14

15 Q I understand.

16 A

17

18

19

20

21 But that's why, as I say, I just sort of blocked  
22 out what happened to it, administratively, from the on,

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1 because I always thought it was most valuable as [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 The concept, when I was  
5 in charge--and I think it's still the concept--was that it is  
6 natural that citizens acquire national security information  
7 by accident sometimes, and they should report it to the CIA  
8 in the same way that a citizen should report to the FBI if he  
9 observed a crime being committed, or evidence that a crime  
10 might be committed.

11 [REDACTED]

12 [REDACTED] and that's why I agreed to keep in touch  
13 with them.

14

15 Q All right. Help me attach dates. The [REDACTED]  
16 contact. What period of time would you have dealt with [REDACTED]?

17

18 A Well, you know, I really can't space them out.

19

20 Q Best approximation.

21

22 A I probably didn't begin very quickly, so I would--  
but let's say 1981, 1982.

23

24 Q Okay. [REDACTED]

25

26 A [REDACTED] was I think probably a longer period.  
27 Again I would guess '82-'84.

28

29 Q [REDACTED]

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19

1 A Very briefly, a few months in maybe 1985. Then [REDACTED]  
 2 was followed by--

3 Q [REDACTED]

4 A [REDACTED] who was from 1985 through most of  
 5 1986.

6 Q [REDACTED]

7 A [REDACTED] I would guess very late '86 or early '87.  
 8 I've really only been seeing him a few months.

9 Q All right.

10 A From say, '86-'87.

11 Q Let me work back. In terms of [REDACTED] can you  
 12 describe for me the types of things that you would have met  
 13 with [REDACTED] about?

14 A Yes. It happens that the--of course he--let me say  
 15 first, the types of things that he is interested in are

16 [REDACTED]  
 17 [REDACTED] in any problem area of the world. So I  
 18 have a very broad range of conversations with him.

19 His job is to find out if any of that information  
 20 is useful to the intelligence community, and if so, record  
 21 it, and I don't know what he does with it. I simply describe  
 22 my own activities and my own friends.

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1                   It happens that the principal discussion during  
2 the [REDACTED] period, which is mainly this year, 1987, had to  
3 do with the project of a friend, an acquaintance of mine who  
4 was working for a company that wanted to sell arms, foreign  
5 arms to any kind of customer they could get, but thought that  
6 perhaps there would be an interest from CIA in such arms  
7 purchases.

8                   That person, who asked me for advice on this  
9 subject, which contact I reported to--possibly to [REDACTED]  
10 [REDACTED] but probably only to [REDACTED]-I can't remember when  
11 the shift took place or the exact dates--was Robert Schweit-  
12 zer.

13           Q       And this is retired Lt. Gen. Schweitzer?

14           A       Retired Lt. Gen. Schweitzer, who was working for the  
15 woman whose name is in the subpoena which I received.

16           Q       That would be Barbara Studley.

17           A       Barbara Studley. S-t-u-d-l-e-y. And I did  
18 describe the activities of Studley's office insofar as I knew  
19 them, which were fairly limited, and almost entirely as  
20 passed on to me by General Schweitzer, whom I know has been  
21 debriefed at great length on these subjects.

22                   I did describe them, briefly, to the CIA contact,

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1 whoever it was, and most recently to [REDACTED] from the view  
2 that international arms sales are a matter of prime concern  
3 for technology transfer, and overseas operations.

4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED] So it seemed to me that it  
7 would be something that would be important for the Agency to  
8 know about, that Studley said that she had the capability of  
9 importing foreign arms, both Russian and Chinese, wherever  
10 they were wanted abroad, or, if appropriate, presumably into  
11 the United States.

12 But that would have been, obviously, only if the  
13 Defense Department or the CIA wanted them brought to the  
14 United States. She was essentially in the foreign arms sales  
15 business.

16 Q How many occasions have you had to meet with [REDACTED]  
17 [REDACTED]

18 A Only two or three. Only two or three. Two in  
19 March I believe were mentioned in the subpoena, and I checked  
20 them. They are on my calendar. Perhaps it would be helpful  
21 to you if I also put into the record right now the fact that  
22 because I am very familiar with this CIA process of [REDACTED]

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1 [REDACTED] and I want to keep my relationship with the  
2 Agency non-operational, I don't keep records of what I have  
3 told them. I give them documents, anything I have that  
4 they're interested in, such as conference reports, or  
5 proposed business contracts, if they come to me and in a way  
6 in which I think it's honorable to pass them on, and possibly  
7 useful to the U.S. Government, I do so.

8 I do not keep a file of what I've given to them  
9 because it's their job to decide whether it is of any  
10 relevance to U.S. Government security. If they do, then it's  
11 in the CIA files. I never ask for feedback.

12 I never get much information as to what they do  
13 with it, and, frankly, I don't want it, because I know how  
14 the system works, and if it's useful it'll be used. If it's  
15 not, it's not my responsibility.

16 Q All right. While we're on that point, the subpoena  
17 did ask you to produce a variety of documents relating to  
18 meetings and activities specifically going to Barbara  
19 Studley, GeoMiliTech Consultants, and the like.

20 A Yes.

21 Q All right. With regard to the documents that were  
22 requested in the subpoena, have you had occasion to look for

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1 those documents?

2 A Yes.

3 Q Have you found any that were responsive to the  
4 subpoena?

5 A I've found some. You can imagine, with the  
6 activities I have, I have very large files. I try to keep  
7 very little in the way of my private papers, and nothing in  
8 the way of CIA documents because I don't want any classified  
9 material. I have clearances for discussing classified  
10 material still valid from the Defense Department, which has  
11 nothing to do with these operations, but separately.

12 I do not keep a classified repository. If I  
13 somehow see or get hold of a classified paper, I would  
14 destroy it immediately, but if I thought it affected security  
15 or intelligence, I would refer it to the FBI or the CIA.  
16 Occasionally I volunteer information to them, but I do not  
17 keep a file, I do not keep an archive, so I have no real  
18 record of what--

19 Q The documents you did find, can you produce those  
20 to us now so we can see what they are.

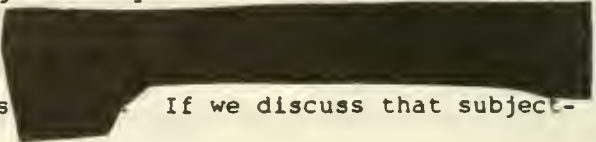
21 A Yeah. Let me see. I think I gave you everything  
22 you want out of here. Let me go immediately to two documents

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1 that I think are relevant to the only formal contact I've had  
2 with the Studley corporation, the GMT, as they call it. I  
3 have here a request to her. Actually, it's to Robert  
4 Schweitzer who was then her employee. November 24, 1986,  
5 requesting a fee for research and advice given to General  
6 Schweitzer, primarily, on how to make contacts for possible  
7 sales of arms, a particular type of arms to a foreign  
8 country, friendly foreign country.

9 Q Would this be

10 A In fact it was  If we discuss that subject-

11 -and I think I would want to go off the record to explain it  
12 to you. I know that it has been explained to you by General  
13 Schweitzer. He told me he'd been asked about it.

14 There is some political delicacy about the par-  
15 ticular weapons involved, but they're not mentioned in here.  
16 Is there any way you can copy these documents?

B 17 Q Sure. The first is a letter dated November 24,  
18 1986 from yourself to General Schweitzer, isn't that correct?

19 A Yes.

20 Q Let me ask you a question about it before we go on  
21 to mark it. SIFT, Inc. Now that is a wholly-owned corpora-  
22 tion of yours?

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1 A Yes. And here is the card for it. You remember, I  
2 gave you that as the commercial entity.

3 Q That is a for-profit corporation, correct?

4 A That is a for-profit. It is the only for-profit  
5 corporation that I have. Let me explain that most academics,  
6 especially those who are in international research, are  
7 expected to and allowed to spend about 20 percent of their  
8 time in consulting or commercially value advice-giving,  
9 without detriment to their normal academic job.

10 I felt that it was important for me, with my CIA  
11 background and everything--people tend to be very suspicious  
12 of old CIA people--to compartment that activity so that it was  
13 clear when I was working for public service research, and  
14 clear when I was working to give advice.

15 So I organized this. My wife is the vice president  
16 and treasurer.

17 Q Are there any stockholders besides yourself?

18 A My whole family. My children.

19 Q Okay.

20 A And we of course have been filing taxes for a  
21 number of years.

22 Q When was SIFT, Inc. incorporated?

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1 A I'm sorry, I can't tell you, but it's been--

2 Q But it's been a number of years?

3 A It's more than five years; yes.

4 Q And in what jurisdiction is it incorporated?

5 A It's in Virginia, I believe.

6 Q A Virginia corporation?

7 A Yes.

8 Q With regard to the relationship with GMT for  
9 payment of expenses and fees, and things of that kind--was  
10 the relationship between SIFT and GMT?

11 A Technically, yes, but of course that was simply the  
12 way I give my personal advice in a commercial capacity, rather  
13 than an academic capacity.

14 Q Now with regard to the employees of SIFT, are you  
15 the only employee of SIFT? I'm not talking about officers,  
16 now, but employees?

17 A There are no employees.

18 Q No employees.

19 A The officers are the entire cadre.

20 Q And they are all family?

21 A Yes. And when I pay fees to employees, it is  
22 almost always to my daughters who do research for me.

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1 Q I understand.

2 A They could be construed as employees, but they're  
3 not at the office, or, they're doing tasks rather than--on  
4 assignment rather than being regularly employed.

5 Q I understand. In terms of the tax treatment, do  
6 you give them 1099 forms because they're independent contrac-  
7 tors, or, do you know?

8 A My wife does all that and I don't know.

9 MR. KERR: Let's mark the November 24, 1986 letter  
10 as number four.

11 (Whereupon, the above-referred  
12 to document was marked Cline  
13 Deposition Exhibit No. 4  
14 for identification.)

15 THE WITNESS: The second letter is only an indica-  
16 tion that Barbara is correct when she says she isn't making  
17 much money because she couldn't pay me for a number of weeks.

18 MR. KERR: Let me just get the document identified,  
19 first. The December 19 letter is a letter that you received  
20 from Mrs. Studley, correct?

21 THE WITNESS: That's right.

22 MR. KERR: And that will be Exhibit 5.

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1 (Whereupon, the above-referred  
2 to document was marked Cline  
3 Deposition Exhibit No. 5  
4 for identification.)

5 BY MR. KERR:

6 Q With regard to the fees that are discussed in that  
7 letter, have they ultimately been paid?

8 A Yes. It did take a while and I--

9 Q But you have been paid in full?

10 A I have been paid in full, to the best of my  
11 recollection. I did not check the bank receipts but my  
12 impression is that was closed out.

13 Q Now let me show you a letter dated March 9, 1987,  
14 which is a letter to you from Mrs. Studley, and that is a  
15 letter that you received from Mrs. Studley, is that correct?

16 A That's correct.

17 MR. KERR: Let's mark that as Exhibit 6.

18 (Whereupon, the above-referred  
19 to document was marked Cline  
20 Deposition Exhibit No. 6  
21 for identification.)

22 THE WITNESS: Perhaps--would you like to know?--

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1 that the occasion for that discussion and that letter was the  
2 departure of General Schweitzer from her firm.

3 MR. KERR: I understand. It's my intention to take  
4 you, chronologically, through a series of events. When we  
5 get to this period of time, late February or early March, I'm  
6 going to take you in some detail through questions that I have  
7 on that matter. So if we can hold on that, that would be the  
8 best way.

9 THE WITNESS: All right.

10 MR. KERR: The next document we have is an undated  
11 retainer agreement between GMT and yourself. This is a  
12 proposal that was given to you by Mrs. Studley?

13 THE WITNESS: Yes.

14 BY MR. KERR:

15 Q And it's my understand<sup>ing</sup>, from what you said off the  
16 record, that this agreement has never been executed between  
17 yourself and GMT?

18 A This agreement was never executed.

19 Q Is there any written agreement memorializing a  
20 continuing relationship between you and GMT, or SIFT and GMT?

21 A No. I've made it clear to Mrs. Studley that I  
22 thought pursuing these suggestions was inappropriate at this

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1 time when I knew that her company was being investigated, and  
2 I wanted to find out what the results were before we discussed  
3 it further.

4 MR. KERR: Let me have marked as Exhibit 7 the  
5 draft retainer agreement.

6 (Whereupon, the above-referred  
7 to document was marked Cline  
8 Deposition Exhibit No. 7  
9 for identification.)

10 MR. KERR: Exhibit 8 will be a letter dated March  
11 9, 1987 to you, Dr. Cline, relating to certain helicopters  
12 that were, I believe being offered for sale to the Central  
13 Intelligence Agency, is that right?

14 THE WITNESS: That's right, and other military  
15 equipment.

16 (Whereupon, the above-referred  
17 to document was marked Cline  
18 Deposition Exhibit No. 8  
19 for identification.)

20 BY MR. KERR:

21 Q All right. This March 9 document was provided to  
22 you by Mrs. Studley?

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1 A I believe it was actually handed to me by her son,  
2 named Marx, Mike Marx, but it was from, on behalf of Mrs.  
3 Studley.

4 Q Would you have received it at or about March 9?

5 A I think so.

6 Q All right. And the categorically reorganized list  
7 of quotes of March 4, was that part of the package that you  
8 received on about March 9th?

9 A Yes.

10 Q All right.

11 A This is given to you just as I received it.

12 Q All right. So you received it as--they were  
13 together at the time you received it?

14 A That's right. And there was a lot of scrappy,  
15 loose documents of early drafts and things, which I, frankly,  
16 showed to [REDACTED] and threw away.

17 Q You may find yourself revisiting them as we go on  
18 this morning.

19 A I wouldn't be surprised if some of them you have,  
20 but--

21 MR. KERR: Let me have that document marked as

22 Exhibit 8.

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1 BY MR. KERR:

2 Q All right. Dr. Cline, let's go back and talk a  
3 little bit more about your contacts with the CIA [REDACTED]  
4 [REDACTED] folks.

5 A Is that what they call it now? Off the record.

6 Q That's my understanding.

7 A Okay. That's their function. Okay.

8 Q Now with regard to [REDACTED] you've mentioned--and  
9 we'll go into more detail--the conversations you had with him  
10 about GMT. It's my understanding that your meeting with him,  
11 at least of March 19, or thereabouts, did not have GMT as its  
12 primary subject matter. Is that--

13 A You know, I don't remember.

14 Q You don't recall. I will come to that, but maybe  
15 you can give me a sense of the kinds of things that you would  
16 discuss with [REDACTED] on the two or three occasions that  
17 you've met with him. What kinds of topics are you discussing?

18 A Well, I can give you examples. As I say, I  
19 deliberately don't keep files on these matters because I  
20 think it's up to the Government, if it's interested, to keep  
21 the file.

22 The kinds of thing I may have discussed, and have

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1 discussed in the past, are, for example, the views of a  
 2 retired [REDACTED] who has made a habit  
 3 of coming to me and giving me an appreciation of his views of  
 4 the state of political affairs in the [REDACTED]  
 5 and the probable course of events under [REDACTED]  
 6 [REDACTED] and, in his view, a great deal of civil unrest lying  
 7 ahead.

8 That is a more typical kind of thing that I would  
 9 feel important for the U.S. Government to know. In other  
 10 words, it's a good source of information that comes to me  
 11 privately. I think it's ridiculous not to pass it on to the  
 12 Government.

13 I think I probably discussed this with [REDACTED] I  
 14 have with some of the contact officers. There was a collec-  
 15 tion of information about arms sales that Mrs. Studley passed  
 16 to me--actually, her son passed to me.

17 Q This would be about the Lavis?

18 A Yes.

19 Q The Lavi brothers?

20 A That's right. And it was sourced to some other  
 21 person who wanted this information to be surfaced publicly.  
 22 You know, I don't quite know why they brought it to me in the

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1 first place, and I didn't do anything with it except hand it  
2 to Mr. [REDACTED] as I recall. He was then the case officer,  
3 the contact officer. And I said, you know, I don't have any  
4 interest in all this, but there are names mentioned there that  
5 relates to international arms transactions, and seems to be  
6 rather critical of the--or even suggests criminal behavior on  
7 the part of an Iranian, whose name I don't remember anymore.

8 So I just thrust this bundle of stuff on [REDACTED] I  
9 believe it was, and said, you know, do something with it if  
10 you want to; don't bug me anymore because that's all I know  
11 about it.

12 So that's the way I customarily did business with  
13 the contact officers. There may have been some other  
14 subjects. I really don't know the agenda on those two  
15 meetings.

16 Q Are there any particular areas of expertise, or  
17 types of acquaintances, that you've run across, that cause  
18 you to talk to the CIA? For example, is your area of contact  
19 primarily Southeast Asia, Latin America?

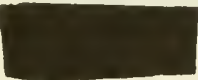
20 A Unfortunately, I am a geopolitician, and I study  
21 conflict areas all over the world, primarily where Soviet and  
22 Chinese, or other communist countries, like Cuba, involve

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1 themselves in countries that are of strategic importance to  
2 the United States. So I study almost all of the conflict  
3 regions.

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9 Oh. Another subject which I have discussed very  
10 reluctantly with CIA, but I felt they should know about, was  
11 the proposal from some Latin Americans whose names the CIA  
12 know, concerning Nicaragua  and communist infiltra-  
13 tion there, and the possibility of defections from the  
14 Nicaraguan government.

15 This is the kind of information which, if I feel  
16 the source has any real value at all, that I should put on  
17 the table for CIA.

18 Q This reference to Latin America, this relates in  
19 part to a Soviet helicopter which was also being--

20 A Yes. One of the men who approached me, who is a  
21 Latin American, said that he felt confident he could cause a  
22 helicopter to be defected from Nicaragua.

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1 Q All right. We will touch on that, but you discussed  
2 these matters with General Schweitzer, as I recollect?

3 A Because I thought General Schweitzer knew a lot  
4 about them, I did discuss them with him, and he discussed  
5 them with both CIA and the DIA, to my best knowledge, and I  
6 simply reported those discussions to--I think it was to [REDACTED]  
7 [REDACTED] actually.

8 Q We will touch on that a bit further on. If I  
9 understand you, then, basically, you can find yourself talking  
10 with people around the globe, I think, but--

11 A I have a stream of foreign visitors who come to my  
12 office. I am invited, so that I could be abroad, almost  
13 every day, and I do go to many foreign places and meet  
14 interesting people who tell me their views. Ninety-nine  
15 percent of that information I don't think is very important  
16 and ignore, but if some tidbit seems to me to suggest a novel  
17 idea that the American Government should be aware of,  
18 intelligence agencies should be reporting, or a source of  
19 more information which might be useful. I usually try to just  
20 record that fact [REDACTED] which I think is  
21 important for citizens to do.

22 The fact that I'm an old CIA guy just means that I

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1 know how to do it, not that I do anything that anyone else  
2 shouldn't do.

3 Q All right. With regard to your relationship with  
4 the Agency since 1974, have there been occasions when you've  
5 earned fees, been paid expenses, or otherwise received  
6 remuneration from the Central Intelligence Agency? You or  
7 your firm?

8 A Only once.

9 Q And when was that?

10 A I think that was in 1981, or possibly 1982. It had  
11 to do with a single trip to [REDACTED]  
12 which I made only because I checked it out with Bill Casey,  
13 who thought it was a good idea for me to talk to someone whom  
14 otherwise I would not have been able to see.

15 Q And you were reimbursed for expenses and paid a  
16 fee, or simply reimbursed for expenses?

17 A No fee. Just reimbursed for my travel. And that's  
18 the only funding I have received from CIA since 1974.

19 Q And authorization for that trip came direct from  
20 Casey, is that right?

21 A It was his personal approval. I then dealt with  
22 another officer, of course, who made the arrangements.

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1 Q I might touch on this in a number of other ways  
2 along the line, but if you could describe your relationship  
3 with Casey for me, in general terms, I'd appreciate that.

4 A Okay.

5 Q Was it a relationship that went beyond occasional  
6 business contacts to a social context, or what?

7 A The relationship with Casey was based on three  
8 levels of relations. Mainly, it had to do with our both  
9 being old OSS veterans, and we both belonged to a group  
10 called the "Veterans of OSS" and we met, socially, nearly  
11 always in that context, but sometimes a couple times a year  
12 in that context.

13 The second level had to do with our working  
14 together in the State Department when I was the director of  
15 INR, and part of that time he was the undersecretary for  
16 Economic Affairs, I believe.

17 So we had a rather close professional exchange of  
18 views during that period, and then, I was on the issues  
19 advisory staff for the Reagan-Bush campaign in 1980, having  
20 been originally on Bush's campaign staff, and I joined with  
21 Reagan and Bush in June 1980, and as you know, he became the  
22 campaign director so I saw him a few times.

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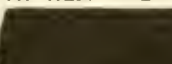


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1           Then I was also on the transition team for CIA, and  
2 talked to Casey a few times in that interim period in December  
3 1980, before the new term began, and of course knowing that  
4 he was going to become head of CIA, we, in a desultory way,  
5 discussed ideas in my book, and his general concepts of what  
6 to do with CIA.

7           And in effect it was very simple, though. He said  
8 he agreed with my book, and that he was going to try to  
9 restore CIA to its pristine vigor of the period when I was  
10 active in the Agency.

11          Q     Your relationship with Casey, after he became DCI,  
12 can you describe that, the degree to which you would have met  
13 with him, worked with him, talked with him, your access to  
14 him.

15          A     Yes. Well, quite limited by my design. I made  
16 suggestions to him on how to do things with the Agency, or  
17 for the Agency on a few occasions. I raised with him this  
18 possibility of its being useful for me to go to 

19

20

21               I suggested to him ways of improving the estimates  
22 process at CIA, but I did not make any effort to monitor his

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1 general performance, and I deliberately stayed away from  
2 classified information. I gave them information. I never  
3 took any from the Agency. I could have had briefings. As I  
4 say, I was cleared for briefings, but I never received any  
5 briefing of classified intelligence, and I deliberately did  
6 not discuss those matters with Bill Casey.

7 Q With regard to friends and acquaintances of Casey's  
8 in the OSS days, do you know, or did you know his acquaint-  
9 tance, John Shaheen?

10 A Yes. I knew John, not well, but in a general way,  
11 social way.

12 Q Did you know him in any context outside of the  
13 gatherings of OSS veterans?

14 A Yes. On one occasion, John Shaheen contracted with  
15 my consulting company about the possibility of oil exploration  
16 offshore [REDACTED] Nothing came of it, and it was a very  
17 brief relationship. That's the only thing I can think of.

18 Q Can you place that, roughly, in time?

19 A Well, roughly, say, in 1984, but I could be a  
20 couple years off.

21 Q Were you aware that Shaheen was in contact with  
22 Casey, from time to time, offering information that he thought

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1 would be of value to Casey?

2 A I was not aware of that. It doesn't surprise me.

3 Q Do you have any knowledge of Shaheen's relationship  
4 to one Cyrus Hashimi?

5 A Never heard of that name.

6 Q Did you ever become acquainted with Shaheen's  
7 employee, fellow businessman, Roy Furmark?

8 A No. Was Furmark associated with Shaheen? I didn't  
9 know that. I've heard his name since, of course.

10 Q And I take it you were not familiar with the  
11 relationship Shaheen had through Furmark to either Khashoggi,  
12 Hashimi, or Ghorbanifar?

13 A No; no. Those names have all become known to me  
14 since.

15 Q And Casey never had occasion to discuss with you  
16 information that was being relayed to him by Shaheen about  
17 Khashoggi, Ghorbanifar, et al?

18 A That's not the kind of thing I talked with Casey  
19 about.

20 Q That's what I'm trying to get a sense of.

21 A I would have avoided that, and I don't think he  
22 would have told me about it. We were interested in the

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1 structure of intelligence activities, and the efficiency of  
2 intelligence activities. We talked about those in general  
3 terms whenever we met, but not about operations.

4 Q I have been told that from to time you do discuss  
5 things like terrorism.

6 A Well, yes, in recent years I have written two books  
7 on terrorism, one of them under contract to the U.S. Army, and  
8 naturally, I gave that information to Casey as I was develop-  
9 ing it. I would normally, to many of my friends, pass along  
10 my results of my research.

11 Q My assumption would be that you became acquainted  
12 with some of the personalities and players in the Middle  
13 Eastern terrorism scene. Is that correct or incorrect?

14 A I'm not sure that's true. I don't know what kind  
15 of things you're talking about, but I did not become involved  
16 in the CIA operational dealings with terrorism.

17 Q In that context, however, did you become familiar  
18 with Mr. Ghorbanifar's activities?

19 A No, because I had never heard of him.

20 Q Do you know Michael Ledeen?

21 A Yes, I know Ledeen because he was at CSIS.

22 Q Yes, sir.

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1           A     But I did not, until later, learn anything about  
2 his connections with this Iranian caper that you are all  
3 investigating.

4           Q     All right. You did not have occasion to discuss  
5 with Ledeen during his tenure as a consultant to the NSC, the  
6 kinds of things that he was involved with at the NSC?

7           A     I'm absolutely amazed that he was involved in those  
8 things.

9           Q     All right. Have you ever had occasion to discuss  
10 with Ledeen his contacts with, his relationship to Italian  
11 intelligence services?

12          A     Yes. I have discussed that in an academic way with  
13 him because I have had conferences and meetings with Italian  
14 politicians, and who were concerned about controlling ter-  
15 rorism, and that's where I would consider Ledeen an expert,  
16 but, really, is based on his earlier years in Italy as a  
17 journalist, is my knowledge of Ledeen's.

18          Q     You are familiar with Ledeen's involvement in  
19 articles that were published relating to the "Billygate"  
20 scandal, is that correct?

21          A     Yes, vaguely, but I'm not very well informed about  
22 them.

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1 Q Have you ever discussed with Mr. Ledeen his  
2 contacts with, connections to Israeli intelligence services?

3 A No. No, I never have.

4 Q And Mr. Ledeen's longstanding relationship with  
5 Ghorbanifar is something you were or were not familiar with?

6 A Absolutely unfamiliar. As I say, I never heard of  
7 Ghorbanifar until recently. It shows lacunae in my contacts,  
8 but that's very natural because I don't pursue them systemati-  
9 cally. They come to me.

10 Q Okay. Let's talk about a few other people.

11 [REDACTED] Do you know [REDACTED]

12 A Yes. I know [REDACTED]

13 Q How do you know [REDACTED]

14 A [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 Q All right. Your relationship with [REDACTED] in 1986  
20 was what? Do you have a social as well as business relation-  
21 ship with him?

22 A In '86?

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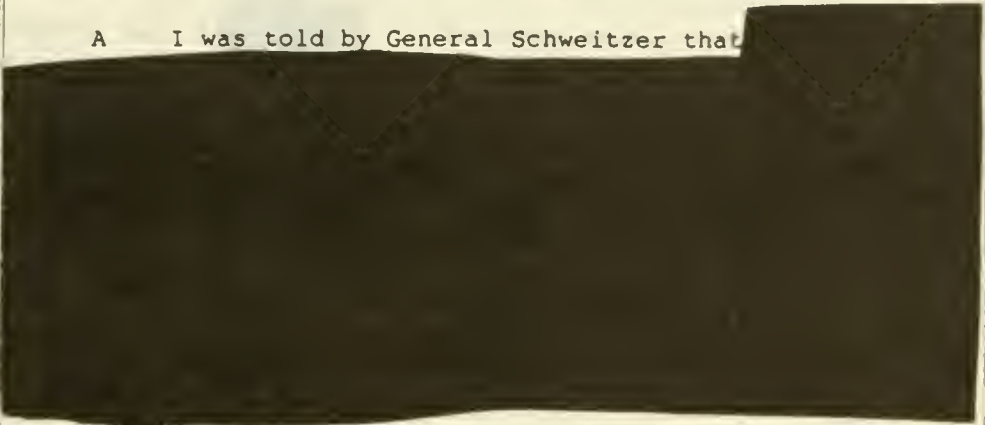
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1 Q Yes. Last year.

2 A A very limited social, I suppose. I might have had  
3 some participation in a conference we both attended, but I  
4 don't remember anything in particular. You tend to meet  
5 people interested in the same field in a variety of private,  
6 academic, or "think tank" exercises, but I don't remember any  
7 special connection with him that year.

8 Q To what extent, last year, were you familiar with  
9 his relationship with Barbara Studley and GMT?

10 A I was told by General Schweitzer that



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17 Q That was my next question. Have you ever discussed  
18 with [redacted] his relationship to Studley--

19 A No. It seemed to me a confidential--the information  
20 passed to me I considered to be confidential/commercial, and  
21 I'm very reluctant to deal with commercial information because  
22 I like to keep it compartmented in my academic and research-

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1 oriented activity. So I just never brought it up to [REDACTED]

2 Q Did you ever discuss with Studley the relationship  
3 of her company and herself to [REDACTED]

4 A Yes. At least she discussed it with me. I  
5 believe she did.

6 Q What were you told in that regard by her?

7 A I was told that [REDACTED]  
8 [REDACTED] for the purchase of the military weapons she was  
9 asking me to be helpful on, and that she expected to give a  
10 very large commission to [REDACTED] if that transaction occurred.  
11 That's all--

12 Q What was the nature of the connection?

13 A A connection with a person associated with the firm  
14 that would make it--that would make the sales of the weapons  
15 involved possible.

16 Q All right.

17 A But that's all I--

18 Q Do you know the identity of the firm?

19 A Yes. I do.

20 Q What firm was that?

21 A The firm was--well, the firm, in connection with  
22 [REDACTED] -I can't remember the name of the person, now.

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1 The firm was a corporation called Whitehead, and it was owned  
2 by a much larger Italian corporation whose president, or  
3 chairman of the board was [REDACTED] according to  
4 General Schweitzer and Mrs. Studley. I'm not really familiar  
5 with those business relationships.

6 Q All right. You would have had these conversations  
7 with Studley when, in time?

8 A I would guess December 1986.

9 Q All right. With regard to your relationship with  
10 Studley, when did you first meet, or become acquainted with  
11 Mrs. Studley?

12 A It probably was in November 1986.

13 Q And what were the circumstances that caused you to  
14 meet or become in touch with Mrs. Studley?

15 A Well, General Schweitzer, who approached me about  
16 helping the Studley firm, wanted to introduce me to Mrs.  
17 Studley. In addition to urging me to be helpful to General  
18 Schweitzer, she asked me to appear on her radio show that she  
19 was doing, and which I did.

20 Q Now which radio show is that?

21 A As you know, she has a--had--maybe she's given it  
22 up--at that time, a small program, a program of interviewing

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1 people on a station, single radio station here in the  
2 Washington area, and I don't remember the name of the station.

3 Q All right. But it was a D.C. station as opposed to  
4 a Florida station?

5 A Yes, yes. It was an attempt to do, in Washington,  
6 what she had evidently done in Florida.

7 Q And you did in fact appear on her show?

8 A And I did in fact have one session with her,  
9 answering questions about this and that.

10 Q Prior to your introduction to Studley by General  
11 Schweitzer, you had not met, become acquainted with, done any  
12 business with Mrs. Studley?

13 A No. Never heard of Mrs. Studley until he introduced  
14 me, and it was a very fleeting contact until after the  
15 disappearance of General Schweitzer because it was Schweitzer  
16 whom I knew something of, and was willing to cooperate with.

17 Q All right. Just a few other people. With regard  
18 to retired Lt. Gen. Daniel O. Graham, do you know General  
19 Graham?

20 A Yes, know him quite well because he was chief of  
21 DIA when I was still in Government.

22 Q All right. And could you characterize your

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1 relationship with Graham in the last several years.

2 A Well, in recent years it's been purely personal,  
3 social, and, in a sense, political, in that we're interested  
4 in some of the same political ideas, military, security  
5 affairs. As you know he also is active in a number of  
6 nonprofit foundations like High Frontier, and I've tried to  
7 keep in touch with him and be supportive of some of those  
8 programs, which I believe in.

9 Q Have you assisted in raising funds for High  
10 Frontier?

11 A No.

12 Q Have you had contracts with High Frontier?  
13 Anything of that kind?

14 A No, no. I've given money to it, modest amounts,  
15 which is all I have.

16 Q All right. What is your knowledge of the relation-  
17 ship between General Graham, and Mrs. Studley and GMT?

18 A I didn't know there was any. At least I don't  
19 remember anybody ever mentioned it. Perhaps they did. Mrs.  
20 Studley is inclined to speak about her military friends. She  
21 has a number of generals who are her personal friends, I  
22 gather, but that's all, just casual, and perhaps I heard that

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1 Danny was one of them but I don't remember.

2 Q Have you ever had occasion to discuss with General  
3 Graham his relationship to Studley--

4 A Never.

5 Q --or GMT?

6 A No, no. I don't have in my mind a close association  
7 between them, so it wouldn't have occurred to me.

8 Q All right. You've indicated that you do know  
9 General Schweitzer. Schweitzer is a friend, social acquaint-  
10 tance, as well as a business acquaintance?

11 A Yes, but only because of our becoming acquainted  
12 when he was on the NSC staff back in 1981.

13 Q And how did you become associated with Schweitzer  
14 when he was on the NSC staff?

15 A Through having been introduced to him by my son-in-  
16 law who was also on the NSC staff at that time.

17 Q And that would be?

18 A That would be Dr. Roger Fontaine, who was--he's a  
19 Latin Americanist, and was on the NSC staff studying Latin  
20 American, which General Schweitzer was keenly interested in,  
21 and I have a very slight--I don't even know whether I ever  
22 talked to Schweitzer when he was still in office, but I knew

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1 about him from that time, and had a rather high regard for  
2 his personal and political integrity.

3 Q One of General Schweitzer's subordinates at that  
4 time was a Marine lieutenant colonel named Oliver North. Did  
5 you have occasion to become acquainted with Colonel North?

6 A No. I regret to say, in some ways, that I didn't  
7 know Ollie North. I may have heard his name, but I don't  
8 remember him.

9 Q With regard to Colonel North's relationship with  
10 Mrs. Studley and GMT, do you have any knowledge of that?

11 A I have no indication that there was ever any  
12 connection.

13 Q And you never had occasion to discuss that relation-  
14 ship with General Schweitzer?

15 A No.

16 Q Do you know a retired Army general named John K.  
17 Singlaub?

18 A Yes. I know John, much the same way I know Bob  
19 Schweitzer. They're rather heroic figures in the Army and--

20 Q Over what period have you known Jack Singlaub?

21 A I've known Jack a little longer, though not terribly  
22 long. I would say only since--well, since he was retired

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1 from his job by--

2 Q It would be roughly '78-'79?

3 A '78-'79. And I'm not particularly close to  
4 Singlaub. I'm not particularly close to Schweitzer, but I've  
5 followed his career with some interest since he stepped down,  
6 under pressure from President Carter.

7 Q Have you ever had any relationship to, done any  
8 work for the organization with which he is associated, the  
9 World Anti-Communist League?

10 A The only relationship I had was to appear at one of  
11 their meetings and give a talk for a modest fee, I believe,  
12 though perhaps I did it for free. I don't know.

13 Q When would that have been?

14 A Well, that would have been several years ago, maybe  
15 1983, perhaps. I don't remember, exactly. This was when he  
16 had just started taking it over and was trying to build it up  
17 a little. I agreed to give a talk because I thought it was  
18 probably a worthwhile organization.

19 Q What knowledge do you have of Singlaub's relation-  
20 ship to Mrs. Studley and GMT?

21 A Well, I understand that in the period before I'd  
22 ever heard of either Studley or GMT, that he had been an

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1 officer in her firm, or a consultant to it, or, in some way  
2 associated with her, and that they had done some business  
3 together.

4 Q And your knowledge of that is coming from what  
5 source?

6 A Primarily from very limited knowledge passed on by  
7 Schweitzer. I never discussed it with General Singlaub  
8 himself.

9 Q Did you ever discuss it with Mrs. Studley?

10 A No. My principal information about their relation-  
11 ship came from a newspaper story which Studley and Singlaub  
12 apparently gave an interview for last year some time, or  
13 maybe this year. I don't know. It wa this year, I guess.

14 Q All right.

15 A But I'm sure you know the story I mean, saying that  
16 they had worked together on an arms sale.

17 Q This would be an arms sale to the contras?

18 A To the contras, yes. That surprised me because I  
19 didn't know about that.

20 Q Do you know a gentleman by the name of Werner  
21 Glatt? G-l-a-t-t.

22 A I do not know him. I do not know anything about

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1 him except a very limited statement about him as being the  
2 source of some of the arms purchases which Mrs. Studley had  
3 made for the contras.

4 Q And you developed that information from whom? Who  
5 told you that Glatt was the source of Studley's arms?

6 A Mrs. Studley told me that herself.

7 Q And when would she have told you that?

8 A I think when she was--probably it was in the  
9 meetings in which she was trying to get me to continue to  
10 help her sell arms, generally.

11 Q This would have been February-March 1987?

12 A Yes.

13 Q All right. You have never met Glatt?

14 A No. I don't even know Glatt exists.

15 Q Never had occasion to visit his farm, or farms in  
16 Virginia?

17 A No. Has he got one in Virginia?

18 Q He calls it the Black Eagle.

19 A For heaven's sake.

20 Q Do you know anything about his career with the  
21 Luftwaffe during World War II?

22 A No. I'm afraid I'm--the only information I have on

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1 Glatt is what Mrs. Studley told me, was that he was able to  
 2 buy weapons, I believe, [REDACTED] and that they were new,  
 3 efficient weapons, and she could make them available wherever  
 4 they were needed.

5 Q Do you know of Mr. Glatt's relationship with  
 6 General Graham?

7 tC A No.

8 Q [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 A [REDACTED]

15 Q [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

(Whereupon, the above-referred  
 to document was marked Cline  
 Deposition Exhibit No. 9  
 for identification.)

BY MR. KERR:

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15 Q With regard to your relationship with the Central  
16 Intelligence Agency and the Center, were you advising the CIA  
17 of personnel at the Center that might have information that  
18 would be of interest to them?

19 A I don't recall doing so, but of course if someone at  
20 the Center had said to me, "Hey, we have an interest in  
21 foreign contact, foreign source of information, I want to tell  
22 you about it, and I wish it--it might be important for U.S.

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1 Government people to know", I would have suggested that they  
2 receive a visitor from this [REDACTED]

3 I wouldn't have hesitated to do that. I don't  
4 remember any discussions of it at that early period.

5 Q Let me shift gears for a moment. Looking to the  
6 period of Casey's service as DCI, were there any particular  
7 people in the Operations Directorate with whom you had  
8 contact?

9 A Yes. I met several in that period. The principal  
10 one was a young [REDACTED]

11

12

13

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15 Q Apart from [REDACTED] anyone else in the DDO?

16 A I'm sorry to say I can't remember the name of the  
17 [REDACTED]

18

19

20 Q Yes. I'm not going to be able to help you with  
21 that.

22 A Yes. I of course knew [REDACTED]

but I don't remember having any very serious conversations

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1 with him. I think something may have come up that I talked  
2 to him about. I know Clair St. George. Clair George.

3 Q Clair George? What kind of contacts would you have  
4 with George?

5 A The only one I can think of was that at one point,  
6 I was approached--and this is a weird story which I reported  
7 to the Agency, and I'm a little vague about now. I was  
8 approached by a person who said he was representing the  
9 interests of [REDACTED] and it was suggested to  
10 me that he didn't have the right contacts with the Agency to  
11 be having the political benefits for U.S. policy that he  
12 should, and I spoke to Casey about that, and I think I spoke  
13 to George about it.

14 But it turned out that the approach was kind of a  
15 fiasco, that while I did indeed meet [REDACTED] once--he  
16 came to see me--the man who was trying to build up the  
17 relationship turned out to be something of a fraud himself,  
18 and both Bill Casey and I realized that this was not a useful  
19 relationship.

20 Q Do you recall the name of the person who approached  
21 you?

22 A Yes. His name was Eliscu, E-l-i-s-c-u, who has

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1 been in litigation since, and has a lot of problems. It  
2 turned out he's really a liar.

3 Q And you had been approached by Eliscu approximately  
4 when?

5 A Oh, dear, I can't tell you. Probably--I would say  
6 it was about--I'd guess '84.

7 Q Okay.

8 A And he wanted me to insure that Casey knew about  
9 the possibility of closer cooperation with [REDACTED]  
10 which was a very sensible idea, and indeed I did talk to  
11 Casey about it, but nothing ever came of it.

12 Q All right. Do you recall meeting with Casey in  
13 early 1985, with Mr. Eliscu?

14 A Yes. I do.

15 Q And who else attended that meeting, if you recall?

16 A I think that was the meeting attended by the Latin  
17 American that I spoke about earlier. Was it Pearson? You  
18 know, I'm vague about those things. Personally, I've been  
19 out of Government for so long, I don't have to try to  
20 remember them, so I don't. Eliscu went to the meeting--

21 Q Was it Guy Pearson?

22 A Guy Pearson. That's the one. He's the man whom I

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1 put in touch with Schweitzer, and who was interested in  
2 Nicaraguan military policies, personnel.

3 Q Would a Mr. Alonzo have also participated in that  
4 meeting?

5 A My recollection is that Alonzo was--I made an  
6 appointment for Alonzo to have that meeting, but that he, he  
7 didn't make it somehow. Maybe he got to one, I don't know.  
8 There was a period when they very much wanted to explain  
9 their views--it was Pearson who really wanted to explain  
10 these views to Casey, and actually, I finally came to the  
11 conclusion that Pearson was a good source of information, but  
12 that Alonzo, who was his lawyer, in effect, was not. And  
13 that Mr. Eliscu was phony as a \$3 bill. So the whole thing  
14 sort of collapsed.

15 But that was a subject of my conversation with the  
16 [REDACTED] on a number of occasions, that  
17 I kept trying to tell them what Pearson was saying, which  
18 seemed to me to have some merits, and I believe that is the  
19 subject that I called Clair George on once, to say, hey, I  
20 don't know what you guys are doing with these latinos but I  
21 just want to give you my professional judgment, personal  
22 judgment, that this guy Pearson knows a lot of interesting

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1 people and ought to be a good source of information.

2 My impression is that because they were so turned  
3 off by Alonzo, they didn't do much with him, didn't do  
4 anything with him as far as I know.

5 Q Casey's records reflect that you met with Casey and  
6 Eliscu on February 14, 1985.

7 A That probably is right.

8 Q Can you give me your best recollection of what was  
9 discussed at that meeting.

10 A My best recollection of that one was that I was  
11 suggesting that we discuss [REDACTED]

12 [REDACTED] Now Eliscu was a contact with both of these.  
13 Eliscu is also the person who brought Pearson and Alonzo to  
14 see me, and so they are mixed up in my mind. Thus I don't  
15 know the dates, but--

16 Q Do you recall ever entering into any business  
17 ventures with Eliscu?

18 A No. I was told by Eliscu that he anticipated a  
19 business relationship on behalf of [REDACTED] which  
20 would involve my tutoring him in political, international  
21 politics, in a way that would be useful to him, but that that  
22 money--and I said, well, you know, if that money doesn't come

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1 from CIA, but from somebody else, I would consider it.

2 And he talked about it for a long time, as if it  
3 were, you know, sort of taken for granted that it would take  
4 place, but it turned out, again, that he was involved with  
5 some sort of fraudulent financial shenanigans in New York  
6 which I never really understood.

7 All I did was go to New York a couple of times, and  
8 did [REDACTED] in my office once, for a very  
9 normal discussion of Iranian affairs.

10 Q The meeting that you had with [REDACTED] would  
11 have approximately when?

12 A Well, it probably was early '85.

13 Q Was up in the January, February, March period of  
14 '85?

15 A Would have probably been after the discussion with  
16 Casey, if I'm correct, that that was the date of that  
17 conversation.

18 Q Did you or your firm receive any remuneration?

19 A No.

20 Q You did not?

21 A Never received anything. As a matter of fact I  
22 never got paid for my travel expenses. I think once I did,

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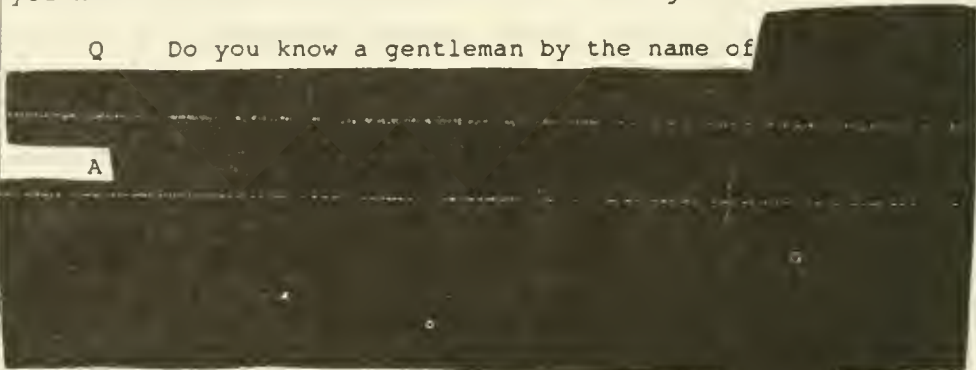
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1 but mostly, I was not.

2 Q Okay.

3 A You <sup>meet</sup>~~mean~~ a lot of crooks if you're in the consulting  
4 business in international affairs. It's amazing how prudent  
5 you have to be. It's even worse than being at CIA.

6 Q Do you know a gentleman by the name of



8 A



12 Q Do you recall meeting with Casey and [redacted] in March  
13 of 1984?

14 A Well, I think I did meet with the two of them about  
15 this [redacted] connection. I don't remember when it was, as  
16 I told you.

17 Q All right.

18 A I thought it was earlier, but it may have been '84.

19 Q Do you recall discussions with [redacted] and Casey in  
20 March of 1984 which related to counterinsurgency in Central  
21 America?

22 A I don't recall that, and I wouldn't have thought

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1 [REDACTED] would be involved in that. I think of [REDACTED] entirely  
2 as an Asian expert.

3 Q Do you recall any discussions during that period of  
4 time--March of 1984--with Casey, or anyone else, relating to  
5 contributions for the contras [REDACTED] or any other foreign  
6 country?

7 A No, no. That subject I never discussed. If anyone  
8 raised it with me, it was so obliquely that I didn't under-  
9 stand it because I never undertook to do anything in this  
10 field.

11 Q All right. Have you ever had occasion to talk with  
12 [REDACTED] at the Operations Directorate?

13 A No. I don't know who that is.

14 Q Okay.

15 A Unfortunately, most of the people who worked with  
16 me over the years have retired by now, so there's a whole new  
17 generation, that often, they know me but I don't know them  
18 because I don't even register on their names.

19 Q You have no recall of discussing with [REDACTED] Mrs.  
20 Studley, Mrs. Studley's interest in becoming an arms vendor  
21 to the Central Intelligence Agency?

22 A No. I didn't know Mrs. Studley at that time. I

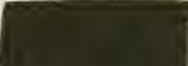
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1 never heard of Studley until Schweitzer introduced the  
2 subject, which I think was late in '86. Maybe I'd have been  
3 smarter if I'd been out trying to make money on some of these  
4 deals, as I gather some people have, but I wasn't on the ball  
5 on that.

6 Q Okay. Let me show you some documents, ask you  
7 about some events, and see if you know anything about them.

8 A Okay.

9 Q Were you aware of a meeting that took place on  
10 December 20, 1985, between Mrs. Studley, General Graham,  
11 Director Casey, and Casey's special assistant, one 

12 

13 A No.

14 Q One of the documents that we've been told was  
15 presented to Director Casey at that December 20, 1985 meeting,  
16 is a memorandum from Mrs. Studley to Colonel North, which  
17 describes, among other things, Mrs. Studley's role, and that  
18 of General Singlaub in purchasing approximately \$5 million  
19 worth of weapons for the benefit of the contras.

20 Let me show you her memorandum which is dated  
21 October 30, 1985, and it's been previously marked in General  
22 Graham's deposition as Graham Exhibit 1. I'd like you to

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1 scan it, tell me if you've ever seen the document, or if  
2 you're familiar with any of the matters that are referred to  
3 in the document?

4 [Witness reviews document.]

5 THE WITNESS: I don't believe I have seen any of  
6 these papers. I don't know anything about--I have a little  
7 trouble deciphering what they're talking about, but I'm not  
8 aware of the transactions that they seem to be describing.

9 BY MR. KERR:

10 Q The arms broker referred to as "W" in that document  
11 is Werner Glatt.

12 A That's Werner, huh?

13 Q Any knowledge you have about these matters?

14 A No. The only thing that comes to my mind as a  
15 result of glancing at these papers is the information that  
16 Singlaub has been giving in public recently. Some of it kind  
17 of--I have the impression that Singlaub and Mrs. Studley did  
18 arrange a shipment by Werner to the contras in 1985. That all  
19 comes from the information that's emerged at the inquiry  
20 which Congress has just been holding.

21 Q Okay. Another document which we have been told was  
22 provided to Director Casey at the December 20, 1985 meeting

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1 is a memorandum which relates to a three-way transaction  
2 designed to put armaments in the hands of various insurgencies  
3 around the world--in [REDACTED]  
4 It was a program that was intended to put such armaments into  
5 the hands of these revolutionaries without the consent or  
6 knowledge of the State Department, or the Congress of the  
7 United States.

8           And the document in question has previously been  
9 marked as Schweitzer Exhibit No. 11. I would like you to  
10 look at this document. This particular version of the  
11 document came into the hands of the two Committees through  
12 the FBI's review of the files and papers of Colonel North,  
13 that is, those which were not shredded by Colonel North and  
14 his secretary, Fawn Hall.

15           I would like you to look at this document, and tell  
16 me if you have ever seen it before.

17           A     You mean this has not been in Fawn's bra?

18           Q     As far as I know it did not--

19           A     You are destroying the interest I have--

20           Q     --did not ever repose there.

21           A     I've never seen this, and I don't really know  
22 anything about the subjects, the subject involved, though, as

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1 I say, subsequent knowledge suggests to me there was an  
2 [REDACTED] connection at some point, but I have no idea  
3 how concrete it was, or what really happened.

4 Q But you do not recall ever having seen this  
5 document before?

6 A No. I have not seen it. I am very positive I have  
7 not seen this document nor that one.

8 Q Okay. In August of 1985, a letter was sent from  
9 General Singlaub, acting on behalf of GMT, to Director Casey,  
10 which related to a list of armaments, ostensibly prepared with  
11 the assistance of Colonel North, that were being offered for  
12 sale to the Agency by GMT, and GMT through General Singlaub  
13 was proposing to arrange financing for the Central Intel-  
14 ligence Agency for the purchase of these armaments.

15 Do you have any knowledge of such a letter?

16 A No, but it's not implausible because this clearly  
17 is an early phase of the discussions which later, Mrs.  
18 Studley was talking to me about, selling arms to CIA. I  
19 assume this is for their earlier attempts but I was not  
20 consulted about them. And as I say, I didn't know Mrs.  
21 Studley, and I didn't know Schweitzer very well in 1985.

22 Q The courier of the letter, who delivered it to

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1 Casey, apparently was [REDACTED] Now did you ever have any  
2 discussions with [REDACTED] about his role in assisting in  
3 this manner?

4 A I never did, either then, or later, though I told  
5 you that Studley indicated that [REDACTED] was a contact.

6 Q All right. Let me show you several versions of the  
7 letter that have been provided to us by various sources. One  
8 version of the letter was found in the safe of Colonel North  
9 by the Federal Bureau of Investigation.

10 This collection of documents has previously been  
11 marked as General Graham's Exhibit No. 2. I would like you to  
12 look at Graham Exhibit 2 and tell me if you are familiar with  
13 any of the documents that are incorporated in that exhibit.

14 {Witness reviews documents.}

15 THE WITNESS: Are these duplicates?

16 MR. KERR: Yes. They are duplicates. There are  
17 several versions.

18 THE WITNESS: Better printing of the same thing,  
19 yes.

20 MR. KERR: And they come from various sources.

21 THE WITNESS: Well, as I say, I have seen--I have  
22 never seen any of these documents. No. It's before I would

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1 have had any contact with this sort of thing. I have seen  
2 drafts of lists like this, later, in December 1986, and early  
3 in 1987, with respect to trying to sell arms to CIA, but I  
4 didn't retain any of those documents. They were mostly waved  
5 at me by Schweitzer, explaining what he was trying to do at  
6 that time. I presume that's a follow-up on these approaches.

7 BY MR. KERR:

8 Q This particular document, at least the version  
9 stamped "confidential", which appears to have been generated  
10 by Mrs. Studley, does make reference on its cover page to

11

12 A Yes.

13 Q Do you have any knowledge of the role that  
14 played in this matter?

15 A No. I do not. I do not. I can tell you that Mrs.  
16 Studley puts "confidential" on some of her correspondence,  
17 though, and I inquired once, what does that mean. She said,  
18 "Well, it's GMT confidential, we classify our own papers",  
19 which has nothing to do with law, as far as I can tell.

20 Q I don't think it does. But as to this incident,  
21 you have no familiarity with the--

22 A No. That is all before I became involved in it.

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1 Anyway, anything I would have heard about it would have been  
2 hearsay much later, and I do not recall any such hearsay.

3 Q All right. This material did get into the hands of  
4 the Central Intelligence Agency. Let me show you what has  
5 been marked in another deposition as [REDACTED] Exhibit No. 1, a  
6 version of the price list, in handwritten form. It is the  
7 same nine items, spread, so that they now become fourteen.

8 Are you familiar with [REDACTED] Exhibit No. 1?

9 A No. What is its date? I don't see it.

10 Q It is not dated.

11 A Not dated.

12 Q However, it is the same price list that was dated  
13 July 28th, 1986 by GMT.

14 A Yes.

15 Q You're not familiar with that document?

16 A I'm not familiar with this document.

17 Q Are you familiar with the handwriting?

18 A No. I'm not. No, I can't--I would have to compare  
19 it with something to see if I thought it was similar, but I  
20 don't remember. I'm not able to identify the handwriting.

21 Q At the same time that this document was prepared,  
22 appears to have been prepared, and, indeed, at the same time

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1 that the price list was submitted to the Central Intelligence  
2 Agency, among others, Mrs. Studley was involved at the  
3 instance of Mr. Rob Owen in pursuing information on a vessel  
4 known as the Pia Vesta.

5 Do you have any knowledge of the role that Mrs.  
6 Studley played in obtaining information on the Pia Vesta?

7 A No. That's news to me.

8 Q Okay. I'd like to show you a collection of  
9 documents that have been previously marked as Exhibit 3 to  
10 General Graham's deposition, which relate to the Pia Vesta,  
11 and to Ron Martin, Dan Cummings, and David Duncan, along with  
12 a rather mysterious gentleman by the name of Patrice.

13 A Patrice?

14 Q Patrice. Do you have any knowledge of the role  
15 that Duncan--

16 A Those names ring no bell with me.

17 Q --Patrice, at all had?


18 A No.

19 Q No. Okay. Let me show you what's been previously  
20 marked as Graham Exhibit 3. I ask you to look at those  
21 documents, scan them, and tell me if you've seen any of them  
22 before.

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1 [Witness reviews documents.]

2 THE WITNESS: 

3  
4  
5 THE WITNESS: Max Gomez was placed in Salvador by  
6 Sanchez and Gregg. These guys talk too much. They all talk  
7 about things they don't know about, you know. I tell you,  
8 being in the clandestine business so many years, you learn to  
9 be very skeptical of what people say, and I hope you're  
10 discovering that.

11 MR. KERR: I'm discovering that people say a number  
12 of "wild and wooly" things.

13 THE WITNESS: They sure do. They speak from the  
14 ego rather than the interests. But no, I have not seen these  
15 documents, unless there's something back there that I haven't  
16 come to yet. "Neither honest nor prudent". Some good sole  
17 was trying to protect Barbara there. Is that Schweitzer?

18 MR. KERR: That's General Schweitzer.

19 THE WITNESS: It sounds like Schweitzer. I don't  
20 know his handwriting. Schweitzer is a real rare character.  
21 That's why I tried to help him a little, because I thought he  
22 was into something that was generally useful, and he's one of

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1 a kind. He's a very moral guy, a very religious person, as  
2 you probably know, if you've talked to him.

3 MR. KERR: Yes, sir. These documents are not  
4 familiar to you?

5 THE WITNESS: No. No, no.

6 BY MR. KERR:

7 Q And the transaction that they relate to you are not  
8 familiar with?

9 A I don't know anything about, no.

10 Q All right.

11 A I mean, I can't tell from those documents that I  
12 know anything about such a transaction. It's a little hard to  
13 tell what the hell they're talking about, but--

14 Q With regard to the personalities, Dan Cummings, do  
15 you know Mr. Cummings?

16 A No. The only names I knew in there are the vice  
17 president and Gregg, and I know, vaguely, Nestor Sanchez.

18 Q And Patrice Genty de la Sagne is not something that  
19 you're familiar with?

20 A That sounds like a romantic novel name to me.

21 Q Likewise, Mr. Cummings you are not familiar with?

22 A No, no. Sorry.

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1 Q All right. And the adventures of Mrs. Studley in  
2 the pursuit of the Pia Vesta is not something she shared with  
3 you?

4 A She never told me about that.

5 Q Do you know Rob Owen?

6 A No. I don't. I've heard about him, recently, but  
7 I didn't know him.

8 Q All right. And Rob Owen's connection to the Pia  
9 Vesta is also something you don't know about?

10 A No. I don't know about that.

11 Q Now General Schweitzer was interviewed by General  
12 Singlaub for the purpose of entering the employ of Mrs.  
13 Studley and GMT in August of 1986. Did you have any role in  
14 that process?

15 A No.

16 Q All right.

17 A It was after he accepted employment that he came to  
18 me.

19 Q According to General Schweitzer, he was hired in  
20 that period of time, and one of his first assignments was to  
21 go with General Singlaub and visit with Colonel North on or  
22 about September 2nd, 1986, in Colonel North's offices in the

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1 Executive Office Building.

2 Do you have any knowledge of what transpired at  
3 that meeting?

4 A I didn't know about it, no. This is all just prior  
5 to my coming into the act.

6 Q Immediately thereafter, on September 3rd, 1986,  
7 General Schweitzer got in an airplane and joined with General  
8 Singlaub, and others, on a trip that was made by various GMT  
9 folks to Europe. Do you have any knowledge of that trip?

10 A No.

11 Q All right. According to the records of the Central  
12 Intelligence Agency, you made a telephone call to Director  
13 Casey on September 29, 1986. Do you have any recollection of  
14 what transpired in your telephone conversation with Director  
15 Casey on September 29, 1986?

16 A I'm sorry, I don't recall. I probably could, if  
17 you could give me another hint about it, but I don't remember.  
18 It may well have been something that we were concerned about  
19 at the time. The Veterans of OSS was having a meeting on  
20 World War II, reminiscences of "Wild Bill" Donovan. I was  
21 actively arranging it and Bill Casey was keenly interested  
22 and attended the meeting.

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1 I've forgotten the dates, but it could have been  
2 something at that time.

3 Q All right. Do you have any recollection of  
4 discussing with Director Casey GeoMiliTech and its interest  
5 in becoming a covert vendor to the Central Intelligence  
6 Agency?

7 A At some point in that period I did, after Schweitzer  
8 introduced me to Mrs. Studley, and explained to me her  
9 interest in a transaction with [REDACTED] She,  
10 herself, said, "I have, in addition, a business relationship  
11 of some duration where I need help on offering arms for  
12 purchase by CIA", and that was just out of a cold sky.

13 At some point in that period I did do one thing for  
14 General Schweitzer and Mrs. Studley. I checked with Casey.  
15 I called Casey and explained that I knew General Schweitzer  
16 and I thought he was a very honorable guy, that he was working  
17 for--I don't know whether I used Mrs. Studley's name--but for  
18 that company.

19 And that I didn't know what they had to offer, and  
20 didn't want to get involved in it, but that I thought  
21 probably it was worth examining what they had to offer. And  
22 I was given a--if I remember correctly, I was given a phone

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1 number later, and I gave it to General Schweitzer. And  
2 that's all I had to do with the arms business in that early  
3 period.

4 Q Let me come back and take it piece by piece. You  
5 do have a recollection of making a telephone call to Director  
6 Casey in which you discussed General Schweitzer's connection  
7 to GMT?

8 A Yes, yes.

9 Q All right. And it would be your recollection that  
10 that conversation may have taken place in the fall of 1986?

11 A It was the fall of 1986. I just don't remember the  
12 date.

13 Q All right. Did Director Casey indicate, during the  
14 course of that telephone conversation, that he was familiar  
15 with Mrs. Studley and GMT?

16 A Yes. My reaction is that that was his statement--  
17 oh, that's the Studley case, or something.

18 Q Do you recall Casey telling you how it was that he  
19 was familiar with Mrs. Studley and GMT?

20 A No. We were talking over a public telephone, and I  
21 was speaking in very general terms, and simply saying here's--  
22 -I felt that this was such a high-level problem at that time

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1 that Casey ought to know about it. So I wouldn't call  
2 someone lower than him on it, and I was simply dropping it on  
3 his desk, and he did in fact then, at some later date,  
4 somebody called me and gave me a number which I passed on to  
5 Schweitzer.

6 Q Do you recollect who it was that called you?

7 A No, I don't. I think the person who called me was  
8 probably a secretary in Casey's office. I used to know those  
9 girls all by their first names. [REDACTED] was his  
10 principal secretary. I don't know. She might have called me.

11 Q Do you recollect whose name was attached to the  
12 telephone number that was given to you?

13 A Yes. I recollect it, though I don't think I have  
14 it anymore. It was a person I didn't know. At one point I  
15 confirmed it just to be sure I wasn't doing the wrong thing,  
16 and the name, as I remember it, was [REDACTED]

17 [REDACTED]

18 Q All right.

19 A I probably do know him, but I don't remember him.

20 Q And if I understand you, you passed [REDACTED] name  
21 and telephone number to General Schweitzer?

22 A That's right.

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1 Q All right.

2 A That was the service I performed, without fee, for  
3 Mrs. Studley and GMT. Sort of en passant, while I was also  
4 advising her on how to get in touch with people [REDACTED]

5 Q All right. And if you were to try to place when in  
6 time this name, [REDACTED] name and telephone number was  
7 passed to you, you would put it in the fall of 1986?

8 A Yes. I would guess like October '86. You see, I  
9 went to [REDACTED] in November, and I also went to [REDACTED]  
10 [REDACTED] and I had a rather interesting time in [REDACTED]  
11 which had nothing to do with the Studley's, and so I remember  
12 going out there. And I would guess it was either--I would  
13 guess it was shortly before that trip that I made this contact  
14 for Mrs. Studley.

15 Q Do you have any further recollection of the nature  
16 of the discussion that you had with Casey in late September  
17 1986?

18 A No. I don't have any further recollection, and my  
19 impression is it was very succinct and very simple, because he  
20 did seem to know something about the subject, you know, and  
21 he and I have been in--dealing with these kinds of issues so  
22 long, that it wasn't necessary to explain anything to him.

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1           It was that there was a company that was interested  
2 in foreign arms sales, interested in doing business with the  
3 Agency, and that I thought they were worth talking to because  
4 I had a high regard for General Schweitzer. That's essential-  
5 ly what I said.

6           And my recollection is he may have said, well, is  
7 this the Studley firm, and I said I think that's her name.  
8 So that was it.

9           Q     You yourself did not talk to [REDACTED], is that  
10 correct?

11          A     Not at that time. As I say, I think maybe much  
12 later, once I got a little alarmed about what was happening,  
13 and I did check to be sure [REDACTED]  
14 not some outsider or something, you know. Normally, if I  
15 were Government, I would check phone numbers pretty carefully,  
16 but this came from Casey's office and I assumed it was okay,  
17 and I did not talk to [REDACTED]

18          Q     All right. So I understand, did there ever come a  
19 time, later on, in 1987, when you talked with [REDACTED]

20          A     Yes. I called [REDACTED] once, to say that Schweitzer  
21 and Studley had been urging me to help them in their applica-  
22 tion to the Agency, and I think what I told him was what I had

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1 told Casey, that I had the impression that Schweitzer was a  
 2 very honest guy, and that they were indeed capable of--  
 3 according to him--I was operating on his hearsay, essentially--  
 4 -according to him and Mrs. Studley, they were able to purchase  
 5 arms abroad, particularly from [REDACTED]

6 By that time somebody had told me about Werner,  
 7 and, that I believed they were serious contenders for Agency  
 8 purchase. But, you know, I'm not an expert in this field, and  
 9 I don't think I would have made a very strong pitch.

10 I certainly did not view myself as an agent, or a  
 11 representative of Studley. I was an informant, a person who  
 12 was giving information to the Agency, that I wanted to be  
 13 sure was properly understood.

14 Q Can you place when, in time, you had this conversa-  
 15 tion with [REDACTED]

16 A I would have guessed that was more like February  
 17 '87.

18 Q February '87?

D 19 A Yes. I don't know whether it's relevant, but in  
 20 the brief conversation I had [REDACTED] I got the  
 21 impression that he was very reluctant to do business with GMT.

22 Q That's my next question. What did [REDACTED] tell

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1 you?

2 A What [REDACTED] said was that he did not think that--  
3 contrary to my general impression, which was all I could give  
4 him--that this was an opportunity that they would want to  
5 explore, and that he did not think that he wanted to have  
6 anything to do with Mrs. Studley's firm, and I got the  
7 impression, although I do not recall any very clear statements  
8 by him, that the reason was that he did not like Werner,  
9 whatever his name is, Glatt, as the source. That he didn't  
10 trust him, and he thought he probably was, perhaps a--well, I  
11 think I'm just making the inference that he thought he might  
12 be a foreign intelligence penetration rather than an impartial  
13 contractor.


14 But what I simply recall is a general statement of  
15 reluctance to deal with him them, and a feeling that if he  
16 did talk to Schweitzer or Studley, or anybody again, that it  
17 would be out of courtesy to me, and because he knew that I  
18 had recommended it to Casey, rather than that he intended to  
19 go ahead.

20 Q Did you have this conversation [REDACTED] before  
21 you discussed with [REDACTED] your desire to pass on a price  
22 list?

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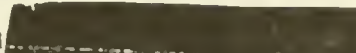
1 A I don't honestly remember. It was around the same  
2 period of time--February-March '87.

3 Q But it may have preceded your contact 

4 A I had a feeling it preceded my contact 

5 Q Okay.

6 A But I could be wrong about that.

7 Q Is there any writing which you know of, that will  
8 memorialize the contact that you had 

9 A No. I didn't make any record of it.

10 Q No notes?


11 A No.

12 Q No jottings? Letters?

13 A No.

14 Q No nothing?

15 A No. Just made a telephone call.

16 Q All right. How did you get  telephone  
17 number?

18 A I got it back from Schweitzer.

19 Q And you would have gotten it back from Schweitzer  
20 after Schweitzer had left the employ of Studley?

21 A I think Schweitzer was still around but was  
22 leaving. At any rate, he was separating, and I think it was

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1 at that time because I knew that Schweitzer was not going to  
2 continue. I don't believe Mrs. Studley had asked me to  
3 continue the contact, or do anything for her, but obviously,  
4 she was trying to keep me involved with her in some way, and  
5 I think at that point I wanted to be sure who [REDACTED] was and  
6 simply confirm that this was a legitimate Agency contact.  
7 And so that was the purpose of my call.

8 Q But so that I understand. You would have called  
9 Schweitzer. This would have been at, or somewhat after the  
10 time Schweitzer left the employ of Studley?

11 A That's my recollection.

12 Q And Schweitzer gave you [REDACTED] telephone number?

13 A Right.

14 Q And then you would have used that telephone number  
15 to contact [REDACTED] yourself?

16 A Yes.

17 Q Okay. Is there any further recollection that you  
18 have of the matters that were discussed between you and  
19 [REDACTED] during the course of that telephone conversation?

20 A No, and the reason that I'm reconstructing this in  
21 my memory as I do, is that my impression was that I was  
22 surprised by what I thought was a somewhat hostile attitude

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1 on [REDACTED] part toward the contact, and that that's why I  
2 decided to explain the whole material to [REDACTED]. So that the  
3 Agency would have the information and they could do what they  
4 bloody well wanted to with it, which was my attitude.

5 See, I think people might believe that I was going  
6 to get a lot of money, or a big commission from proposing the  
7 arms sales with the Agency. At that time I had made no ar-  
8 rangement with Barbara, and we hadn't even discussed my  
9 representing with the Agency. I never did. I would never  
10 really have accepted a contract relationship for dealing with  
11 CIA, because even after 15 years I might think it could be  
12 construed as a conflict of interest.

13 So, I want my relationships with CIA to be purely  
14 intellectual.

15 Q Did you advise [REDACTED] of your prior telephone  
16 conversation with Casey?

17 A I don't know. I don't--

18 Q You don't remember, one way or the other?

19 A I don't remember. No.

20 Q All right. Did [REDACTED] discuss with you the  
21 nature of his discussions with Schweitzer about CIA pursuing  
22 this matter?

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1           A       No, no. He did not discuss the Schweitzer thing.  
2 He did not dispute my comments on Schweitzer, but, as I say,  
3 we both probably knew that Schweitzer was withdrawing, if not  
4 withdrawn, and that was not the point. The only impression I  
5 got was that he felt that Studley's main interest was in using  
6 Werner Glatt as a source, and that the Agency did not want to  
7 do that.

8                       So I had a feeling this was going to be a dry  
9 exercise from then on, and that's when that impression was  
10 formed, and from then on, my interest was simply in being  
11 sure that the data about contacts and arms availability, and  
12 so on, was available to the Agency despite my calculation  
13 that no contract was going to be forthcoming.

14           Q       All right. Now, you had occasion to travel with  
15 General Schweitzer in early November to, first, [REDACTED]  
16 [REDACTED] and then [REDACTED] is that correct?

17           A       It's the other way around. It was [REDACTED] and then  
18 [REDACTED]

19           Q       All right. And that trip--

20           A       I believe. I don't know. Maybe I've got it  
21 backwards, but, never mind.

22           Q       That trip was paid for by GeoMiliTech?

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1           A     Yes; finally. That's what my letter was about. It  
2 took me a long time to get my money back.

3           Q     Describe for me, please, how it came to pass that  
4 you made this trip for GeoMiliTech, and what you and General  
5 Schweitzer did on that trip?

6           A     The total purpose of the trip as far as GeoMiliTech  
7 was concerned was to go to [REDACTED] was a  
8 matter of personal interest to myself and Schweitzer, not  
9 really relevant, though it was a very interesting time to be  
10 there. The purpose was simple. It was to make a proposal to  
11 the defense ministry [REDACTED] for the purchase of a certain  
12 type of advanced weapons [REDACTED] This subject had  
13 obviously been discussed before, but it had languished  
14 somehow, and Schweitzer thought that if I explained that they  
15 were serious and competent, that my [REDACTED] friends would be  
16 more receptive.

17           I did discuss it in Washington with their represen-  
18 tatives here, there was some interest, and Mrs. Studley and  
19 General Schweitzer felt that, whereas they had not received  
20 any very good responses in the past, that if I went along and  
21 associated myself with their advocacy, that they would do  
22 better.

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1                   So I did because they paid the way, go along. I  
2 introduced General Schweitzer to several [REDACTED] officers,  
3 primarily, who were interested in the weapon concern, might  
4 have been interested in it, and they had a number of rather  
5 technical discussions during that week, some of which I sat in  
6 on, though I didn't fully--I didn't attempt to be involved.  
7 I was there as a political contact, not a salesman.

8                   And we had rather useful discussions explaining  
9 what GMT thought it could do, and why they thought it was  
10 important, and there seemed to be some receptivity, but the  
11 senior authorities were unwilling to make a commitment until  
12 they had studied further the subject. And that was the net  
13 result of the trip.

14                Q     All right. I'm going to try to help you focus in  
15 terms of dates. I have a invoice from the travel agency that  
16 billed GeoMiliTech for this trip, which suggests that the  
17 trip began on November 4th out of Dulles Airport, and  
18 continued through the 15th, or thereabouts, of November, with  
19 a return [REDACTED] to San Francisco, and then by way of San  
20 Francisco to Washington, D.C.

21                   Let me show you the invoice. I suspect you've never  
22 seen that one before, but I may be wrong. Have you seen that

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1 invoice?

2 A No. I haven't.

3 MR. KERR: We will have that marked as our next  
4 exhibit which is ten.

5 (Whereupon, the above-referred  
6 to document was marked Cline  
7 Deposition Exhibit No. 10  
8 for identification.)

9 THE WITNESS: Well, now, are you sure this is the  
10 actual trip?

11 MR. KERR: No. I am not. That's my next question.

12 THE WITNESS: My feeling--I know that we reversed  
13 the order of travel, and whatever the original plan was we  
14 did the opposite, and my present, rather hazy recollection,  
15 though I think I could check it out myself with my calendar,  
16 is that we in fact went [REDACTED] first and came back through  
17 [REDACTED]

18 MR. KERR: Okay.

19 THE WITNESS: But there's no point in arguing about  
20 that. I don't remember, for sure. They were such discrete  
21 missions and activity.

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1 BY MR. KERR:

2 Q The reason for showing this to you is to try to  
3 focus in on your recollection of what actually transpired.  
4 Let me ask you this question. The cost of the flight, I take  
5 it, was paid for by GMT?

6 A Yes.

7 Q So you would not have the invoicing on the flight?

8 A No. That's right.

9 Q Okay. Your passport, however, would have been  
10 marked at the time that you got to both [REDACTED] and [REDACTED]

11 A I think so.

12 Q You still have your passport, I trust?

13 A Yes.

14 Q So that your passport would tell you when you  
15 entered and left [REDACTED] and [REDACTED] I assume?

16 A Right.

17 Q If I may make this request of you: I would be  
18 grateful for the entries in your passport that would show when  
19 you got there and when you left, if there are such entries in  
20 your passport.

21 A I'll be able to determine when I went. I may have  
22 a--

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1 Q Your recollection, though, is that you went to  
2 [REDACTED] before you went to [REDACTED] is that right?

3 A Well, I'm beginning to doubt it, now that I look at  
4 this, because of the dates. I think I was [REDACTED] on the  
5 7th of November--that's my recollection--and this looks as if  
6 I would have been there at that time, and have gone on to  
7 [REDACTED] It surprises me because the main purpose of our trip  
8 was to go [REDACTED] and that's what Mrs. Studley wanted, and  
9 what I expected.

10 But I now would guess perhaps this is the final  
11 trip, rather than--we did reverse it once, and that's what's  
12 confusing me.

13 Q All right. Now the date of this--

14 A This is about the right amount of time. We spent a  
15 week [REDACTED]

16 Q The date of this invoice is late October 1986, so  
17 it should have been relatively close to the time that you all  
18 left.

19 A Yes, yes. Okay. Unless I can prove the contrary,  
20 let's operate on the assumption that this is the right travel.

21 Q The main thrust of my questioning is a way of  
22 trying to focus your memory in on sequences.

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1 A Yes.

2 Q You and Schweitzer would have travelled together?

3 A Yes.

4 Q No one else went with you on this trip?

5 A No.

6 Q All right. And if this is correct, you would have  
7 gone to [redacted] first?

8 A Right.

9 Q [redacted]

10 A [redacted]

11 [redacted]

12 [redacted]

13 [redacted]

14 [redacted]

15 [redacted]

16 [redacted]

17 [redacted]

18 [redacted]

19 [redacted]

20 Schweitzer said that he would like, for the same  
21 reasons, [redacted] and would like to go along  
22 with me, so we did in effect piggyback, and he accompanied me

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1 all the way, and the stop [REDACTED] was simply a hiatus in  
2 our commercial plan at no extra cost to Mrs. Studley.

3 Q All right. Did you advise the Central Intelligence  
4 Agency before your trip that you were going?

5 A I probably would have told the contact people that  
6 I was making such a trip, yes. It's a big trip and I would  
7 probably let them know I was going to be out of town.

8 Q All right. Did you arrange to meet with General  
9 Singlaub on this trip?

10 A No.

11 Q Did not?

12 A I did not arrange to meet with him.

13 Q Did you in fact meet with him?

14 A In fact he was in [REDACTED] and he met me at  
15 the airport, much to my surprise, and he explained that he  
16 was there on an entirely different operation, activity, which  
17 was interesting but not relevant to anything I was doing.

18 Q All right. And he was there for what purpose, as  
19 you understood it?

20 A I had it very fully explained to me, by both him and  
21 General Schweitzer, that he was there exploring for the  
22 recovery of gold and precious objects that had been buried in

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[REDACTED]

[REDACTED] which I knew about, and that he had found clear indications that he could recover some of this treasure, and that he was representing a group of people there who were trying to do so.

Q And did you have occasion to meet with either Mr. Cummings, or Mr. Cunningham, names that we talked about previously, when you met with Singlaub [REDACTED]

A Not to my knowledge. I didn't meet with anybody whom I identified, except [REDACTED] I saw a lot of [REDACTED]

Q I take it Mrs. Studley's adventures on the Pia Vesta were not discussed when you happened to meet with Singlaub [REDACTED]

A No. I discussed nothing with Singlaub except the treasure. I thought he was crazy, frankly, but I still am not sure whether he is right, or not, but, at any rate he was persuaded totally and had been working for months, he said. And he showed me a lot of--told me things that made me believe that, that he felt he would be able to recover from several buried sites [REDACTED] a lot of bullion, money, and that was his sole objective, as far as I know.

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1 Q Did Singlaub go with you and Schweitzer when you  
2 went on to [REDACTED]

3 A No. We left him in [REDACTED]

4 Q Did Singlaub discuss with you his previous trip  
5 [REDACTED] on behalf of GMT for the purpose of selling like  
6 equipment?

7 A No. He did not. I mean, I knew that he had been  
8 associated with Studley. I knew that Schweitzer, in a sense,  
9 was picking up some of the Singlaub account, but there was no  
10 discussion of that. You couldn't talk about anything with  
11 Singlaub except the [REDACTED] treasure that week, and I only  
12 saw him a short period, of course.

13 Q So that I understand you: Singlaub did not discuss  
14 with you his previous endeavor to sell torpedoes [REDACTED]

15 A No. No. I was at that time being exceedingly  
16 sensitive about the subject of torpedoes, and which I didn't  
17 want to discuss for international political reasons.

18 Q I understand.

19 A And at that time, also, I was really just engaging  
20 in my first consultative arrangement with GMT. I didn't want  
21 to discuss what they were up to at all, so the subject did  
22 not come up.

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1 Q So that I understand you: neither Singlaub nor  
2 Schweitzer discussed with you Singlaub's prior suggestion to  
3 the [REDACTED] that they purchase torpedoes through GMT?

4 A No; no.

5 Q Nor did he discuss with you the proposal that he  
6 made [REDACTED] on that prior occasion, that they use  
7 that purchase as a way of generating funds which GMT would  
8 then pass onto the contras?

9 A I did not discuss that at the time. I did not know  
10 about the concept at the time. I was very shocked when I  
11 learned much later, quite recently, that that had been  
12 discussed, and I gather that, not in connection with GMT, but  
13 in some way, in fact, he had encouraged the people [REDACTED]  
14 to provide some funds for the contras.

15 I realize now, that the sensitivity of my old  
16 friends [REDACTED] about my trying to promote GMT's interests  
17 unquestionably related to that earlier period, but at that  
18 time I simply did not know about it.

19 Q Bear with me. Your mission on behalf of GMT, as  
20 you understood it, then, in November of 1986, was not related  
21 in any fashion to using a sale of arms [REDACTED] as a mecha-  
22 nism for generating monies of any kind to be used by GMT for

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1 any other insurgency around the world?

2 A That's absolutely right. I had no such idea. I  
3 would not have approved of such a device, and would not have  
4 been involved in it.

5 Q During the course of your travels with Schweitzer,  
6 you were with Schweitzer a number of days, isn't that right?

7 A Yes, yes. That's when we really became well  
8 acquainted. Before that, it was a rather casual relationship.

9 Q And at no point during your November trip did he  
10 apprise you of the fact that General Singlaub had previously  
11 made an effort to develop funds [REDACTED] for use in  
12 other insurgencies?

13 A Absolutely not. All I knew was that he previously  
14 represented GMT in trying to sell torpedoes, but I didn't know  
15 any of the details, and nothing came up in my conversations  
16 with Schweitzer. I'm convinced Schweitzer did not know about  
17 it.

18 Q Was the [REDACTED]  
19 [REDACTED] or previous potential source of these torpedoes,  
20 discussed between you and Schweitzer on this trip?

21 A I suspect it was mentioned either on the trip, or  
22 prior, when we were discussing the whole concept. I knew

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1 that there had been a previous approach, you see, and that it  
2 had failed, and I knew that the [REDACTED] were involved because  
3 that was the--they felt, perhaps, that was the reason that it  
4 had failed. That there was some sensitivity about doing  
5 business with the [REDACTED]. So that general subject was  
6 discussed, but only in a very vague way, and there was no  
7 discussion of any contra connection.

8 I've thought often, that if I could recollect any,  
9 and there was not.

10 Q Not?

11 A No. None.

12 [Brief break.]

13 MR. KERR: Back on the record.

14 THE WITNESS: I'd like to interrupt to say that I  
15 have studying this travel invoice of GeoMiliTech concerning  
16 my trip to [REDACTED] and I am now refreshed in my  
17 memory enough to say that this is almost certainly the right  
18 travel dates. That we did go to [REDACTED]  
19 because I'm quite confident I was [REDACTED] on about the 7th  
20 of November, <sup>and</sup> and it now appears that what we had done was  
21 change earlier plans which would have taken us to [REDACTED]  
22 first. So this is the correct travel schedule.

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1 BY MR. KERR:

2 Q To try to use this November trip as a way of  
3 focusing your recollection on other events, we have documents  
4 to indicate that Mrs. Studley and a Graham Low--do you know  
5 Mr. Graham Low?

6 A No.

7 Q That Mrs. Studley and Mr. Low went to Switzerland  
8 immediately after your trip. This would be mid-November. Do  
9 you have any knowledge of what transpired on their trip, after  
10 your trip [REDACTED] later on in November?

11 A No, I have no recollection. The only relevant  
12 memory I can give, which is not very helpful, is that  
13 Schweitzer was concerned [REDACTED] about the possibility of  
14 having to go directly to Switzerland instead of returning  
15 with me. In fact he did, I believe--I think he returned with  
16 me, at least. I don't know how that came out but that was  
17 the subject discussed.

18 Q Well, General Schweitzer has indicated to me that  
19 he did indeed have such concerns, got such a summons from  
20 Mrs. Studley--

21 A And didn't go, I think.

22 Q And didn't go. However, one of the things that he

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1 mentioned was that perhaps Mrs. Studley was meeting with  
2 Werner Glatt at that time on that trip.

3 Did you have occasion to discuss Mr. Glatt with  
4 General Schweitzer, while you and he were on this trip  
5 together [REDACTED]

6 A No.

7 Q Did not?

8 A No. You see, Glatt didn't figure in the subject we  
9 were discussing, and I'm not even sure whether I knew about  
10 Glatt at that time. That all came up more in the context of  
11 the CIA connection.

12 Q All right. Let me shift, then, to the other  
13 direction. Let's look back to October. It's my understanding  
14 that Schweitzer went to the Central Intelligence Agency, and  
15 provided the Central Intelligence Agency with plans with  
16 regard to attempting to, euphemistically, recover an MI-24  
17 Soviet helicopter from Nicaragua, on October 16, 1986, which  
18 would have been about two weeks before you and he went on  
19 your trip [REDACTED]

20 A Yes.

21 Q Using that incident as a way of trying to focus  
22 your recollection, did you and General Schweitzer discuss on

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1 your trip General Schweitzer's program for recovering a  
2 Soviet helicopter from Nicaragua?

3 A I don't think so, certainly not in detail. We had  
4 discussed it earlier. I had referred him--told him he would  
5 have to deal with it, and I did advise [REDACTED]  
6 the Agency of what I knew about the matter, and I was trying  
7 to disengage myself as much as possible. I don't remember  
8 discussing it further.

9 Q Is it you that introduced Schweitzer to Pearson and  
10 Alonzo?

11 A Yes, yes. I asked Schweitzer to comment on this  
12 proposal because that was when I was discussing other things  
13 in our trip, and he simply helped me by, (a) speaking Spanish,  
14 which Pearson spoke only, and (b) being extremely knowledge-  
15 able about aircraft, helicopters, things of that sort.  
16 Weapons. And he characteristically took a great deal of  
17 interest to make sure that if there was a recovery of a  
18 helicopter, that it would not be wasted, that somebody would  
19 know about it and receive it, and that was exactly my  
20 interest, too.

21 But in fact, as you know, from earlier discussion,  
22 the general attitude was negative on the proposal that Mr.

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1 Pearson had made.

2 Q All right. Did you discuss with Schweitzer a  
3 gentleman by the name of [REDACTED] and his role with  
4 regard to this helicopter?

5 A The name rings a bell with me. I think I probably  
6 did, but I don't remember what I might have discussed. I  
7 think that was a Miami contact of Mr. Pearson's.

8 Q Did you ever have occasion to meet with Mr.  
9 [REDACTED]

10 A No. I never met anybody but Alonzo, initially, and  
11 then Pearson.

12 Q All right.

13 A And my object was not to get involved, operational-  
14 ly.

15 Q Did you receive any encouragement from the Central  
16 Intelligence Agency, at any time in 1986, to involve General  
17 Schweitzer in the plans of Pearson and Alonzo to try to obtain  
18 this helicopter?

19 A No. I got a distinct feeling of coolness about it,  
20 though that was just vibrations. I tried to avoid becoming  
21 involved in the operation itself, but I wanted to know whether  
22 I should encourage Pearson or discourage him, and they

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1 definitely gave me the signal to discourage him.

2 Q Discourage?

3 A Discourage Pearson.

4 Q All right. Did you apprise the Agency of your  
5 alerting Schweitzer to the possibilities of obtaining a  
6 helicopter?

7 A Yes. No, I fully informed [REDACTED] as a  
8 matter of intelligence interest, not as a matter of opera-  
9 tions. But I told them what Pearson had said, and that  
10 Schweitzer had been extremely interested, and wanted to  
11 pursue it, thought it ought to be pursued, and I said I  
12 simply stood ready for any reaction that they wanted to pass  
13 back to Pearson, but that I had no way to control him, and  
14 that was that.

15 Q Did the Agency ever advise you that Pearson and  
16 Alonzo were individuals who should be handled, quote, "with  
17 caution", close quote?

18 A Yes, yes. That was their reaction.

19 Q And they would have given you that advice some time  
20 in October?

21 A I would think so. I think so. As a matter of fact  
22 I think it was probably just before our trip, that I told

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1 them--I did on the strength of that kind of comment, which was  
2 rather vague, but clearly not positive, that I told them to  
3 postpone any such plans.

4 Q Did you have knowledge at this time of any bounty  
5 that was being offered by anyone to acquire this helicopter?

6 A Yes, yes. General Schweitzer, who was extremely  
7 enthusiastic about the possibility and importance of getting  
8 a helicopter, said that he felt that from some sources, or  
9 other, there would be a fairly large amount of money avail-  
10 able, and that obviously interested Alonzo and Pearson, and  
11 that there was some discussion of sums of money ranging from  
12 one million to \$3 million, which Schweitzer said was clearly  
13 a bargain for the intelligence value of getting a hold of such  
14 a helicopter. That's something I'm not an expert on.

15 Q Did the Agency ever discuss with you a bounty that  
16 it might be willing to pay for such a helicopter?

17 A No.

18 Q Did not. Did Schweitzer ever discuss with you an  
19 interest that GMT would have in trying to obtain such a  
20 bounty for acquiring such a helicopter?

21 A No, no. I did not associate that with GMT.

22 Q All right. Were you aware of a plan, or a program

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1 that was put together by Schweitzer to try to obtain such a  
2 helicopter?

3 A No. What I recall is that Schweitzer said that he  
4 alerted not only the CIA but the Defense Department, I  
5 presume the--I don't know what part of the Defense Depart-  
6 ment--to the possibility, and had discussed in some detail  
7 with experts in the region what a helicopter should do, if it  
8 came out of Nicaragua. In other words, where it should go,  
9 how it should fly, and that sort of thing.

10 And he told me about that, and of course if someone  
11 had decided to pursue the subject, as a Government matter,  
12 urgently, it would have been important to pass all that  
13 information on to the people concerned.

14 So I was interested in it, but I did not retain  
15 that information nor never--in fact I told Mr. Pearson and  
16 Mr. Alonzo to "cool it".

17 Q Did you ever see a written plan dated October 16,  
18 1986, prepared by Schweitzer, outlining recovery of an MI-24  
19 helicopter from Nicaragua?

20 A I think I may at one time have seen such a thing.  
21 It had some maps attached to it, and he showed it to me, and  
22 it was for the purpose of briefing whoever it was that might

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1 have recovered the helicopter, but I never used it and I  
2 destroyed it.

3 Q I was going to say: were you ever in possession of  
4 a copy of such a plan?

5 A I believe I had such a copy, but, if so, I destroyed  
6 it.

7 Q Do you recall when you destroyed the plan?

8 A No.

9 Q But it is your testimony you do not have such a plan  
10 at the present time?

11 A I do not have such a plan.

12 Q All right. Did you have any discussions with the  
13 chief of [REDACTED] of the Central Intel-  
14 ligence Agency about such a plan?

15 A No. My contacts were all through the [REDACTED]  
16 [REDACTED]

17 Q Did Messrs. Pearson and Alonzo ever discuss with  
18 you certain Mig aircraft which they had [REDACTED] which they  
19 desired to sell?

20 A No. That's a garble, I think. They told me, and I  
21 told the Agency, through the [REDACTED] that the  
22 [REDACTED] had accepted Mig-23s in their country to store for

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1 the benefit of the Nicaraguans, but this was a piece of  
2 information they were wanting, and the Agency apparently  
3 thought that was erroneous information. So they again sort  
4 of pooh-poohed Pearson's sources. That's my recollection of  
5 that.

6 Q An ability on the part of Pearson or Alonzo to  
7 obtain such aircraft, with the desire on their part to sell  
8 such aircraft, never came to your attention?

9 A No, and I don't think that was anybody's intent. I  
10 think, as I say, that report sounds to me like a garbled view.

11 Q All right. Did you ever discuss on your trip to  
12 [REDACTED] with Schweitzer, an offer that  
13 Schweitzer made to [REDACTED] in late October 1986, to sell  
14 seven UH-1B helicopters?

15 A I do not recall discussing it on that trip.

16 Q Do you recall ever discussing that until February  
17 of 1987?

18 A No, but I'm familiar with the concept, and it's  
19 conceivable that it was mentioned earlier, but I don't  
20 recall. We were focused on the torpedoes on the trip.

21 Q Okay. Let me show you a letter dated October 30,  
22 1986 from General Schweitzer to [REDACTED] which has

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1 previously been marked as [REDACTED] Exhibit No. 3, which I'd like  
2 you to review. Tell me, first, if you've ever seen the  
3 document; second, if you're familiar with its content, at the  
4 time, October-November 1986.

5 [Witness reviews document.]

6 THE WITNESS: No. I haven't seen it. I think it  
7 obviously relates to the seven helicopters that were mentioned  
8 to me much later, in the documents that we looked at earlier.

9 BY MR. KERR:

10 Q So that I understand: you were not contemporaneously  
11 aware of this transaction?

12 A In October '86, I did not know about this transac-  
13 tion.

14 Q All right. Were you aware, after your trip with  
15 Schweitzer, that Schweitzer had met with [REDACTED] on the 17th  
16 of December 1986, to discuss various items which Schweitzer  
17 was offering to sell?

18 A I don't know the date, but I know that after the  
19 trip Schweitzer did talk to [REDACTED]

20 Q And how did you know that?

21 A He told me.

22 Q And did he tell you contemporaneously, or at a

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1 later date?

2 A I can't remember. It was after the fact, but I  
3 don't know how much after the fact.

4 Q Can you give me your best recollection of what he  
5 related to you about that meeting with [REDACTED]

6 A Well, I don't think he told me much of anything  
7 about it. I think he just said he had made contact with  
8 [REDACTED] he always called him, and I didn't know [REDACTED] but I  
9 knew that that was the person whose contact he had established  
10 as a result of the telephone number that I gave him.

11 And I don't remember the substance at all, at that  
tE 12 time. General Schweitzer is a very communicative fellow and  
13 he talks about things that he's doing, and the CIA arms  
14 contact I was not very interested in. At that time I didn't  
15 feel I had any obligation to GMT on it.

16 My interests at that time were entirely on the  
17 [REDACTED] and my opening up that contact was a favor to  
18 Studley and Schweitzer, simply because I was interested in  
19 their other activities.

20 So anything he would have told me would have been  
21 rather incidental, and casual, and I didn't focus on it very  
22 much. I don't remember any of those things.

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1 Q All right. Specifically, do you have any recollec-  
2 tion or knowledge, that you would have had in the fall or  
3 winter of 1986, of efforts being made by Schweitzer on behalf  
4 of GMT to sell eight or more Mig-21s to the Central Intel-  
5 ligence Agency?

6 A No.

7 Q Do you have any recollection of knowledge that you  
8 would have had in the fall, winter of 1986, of efforts that  
9 Schweitzer was making on behalf of GMT to sell [REDACTED]  
10 [REDACTED] to the Central Intelligence Agency?

11 A No. It wouldn't surprise me but I didn't know about  
12 it.

13 Q Let me show you a memorandum of a December 17, 1986  
14 meeting between Schweitzer and [REDACTED] and ask you if  
15 you've ever seen the memo, or if you're familiar with any of  
16 the matters that apparently were discussed between Schweitzer  
17 and [REDACTED] at that time.

18 In conjunction with that, let me also show you a  
19 December 23rd, 1986 memo from Schweitzer to [REDACTED] regarding  
20 offers by GMT to sell [REDACTED] UH-1B helicopters, and  
21 Mig-21 aircraft.

22 A What is this?

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1 Q This is a memo prepared by--  
2 A "Physical condition of one individual"?  
3 Q He's referring, I think, to the condition of  
4 Director Casey who, as you'll recall--  
5 A Is this when Casey had his stroke?  
6 Q That's correct.  
7 [Witness reviews documents.]  
8 THE WITNESS: No. I have not seen that cable nor  
9 do I have any familiarity with the details of it.  
10 BY MR. KERR:  
11 Q The document that you're referring to is [REDACTED]  
12 Exhibit No. 4, and your testimony is that you never saw the  
13 document, nor were you familiar, at the time, with the  
14 matters discussed in the document?  
15 A That's right. And the same is true of [REDACTED] 5.  
16 Q Thank you. Let me show you what's been previously  
17 marked as [REDACTED] Exhibit No. 6. This is a list of munitions,  
18 Soviet bloc, primarily, munitions, that were received by  
19 Schweitzer from [REDACTED] on the 29th of December 1986 for  
20 pricing by GMT. I ask you to look at it, tell me whether  
21 you've seen the document, and whether you were familiar with  
22 that list of items at the time.

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1           A     Well, at the time, I don't know. I think I have  
2 seen this document at one time or other in connection with  
3 the preparation of the so-called recategorized list, which I  
4 gave to you. I'm not even sure. This, conceivably, could be  
5 an attachment to that one.

6           Q     Not in that form.

7           A     Not in that form.

8           Q     The list continues, you're right, all the way  
9 through March.

10          A     So some time between this time and March, I believe-  
11 -this looks familiar to me but I don't know when I saw it, and  
12 I gather it was a--yes, I think it was a statement of interest  
13 on the part of [REDACTED]

14          Q     [REDACTED] of the Central Intelligence Agency?

15          A     Yes. But my recollection is I probably knew about  
16 that at a later period, more like March '87.

17          Q     In conjunction with that--and if you'll just hang  
18 onto it--let me show you a memorandum to [REDACTED] dated  
19 December 31, 1986, which amounts to the response of GMT to  
20 this request for prices. I ask you if you've seen that  
21 document before. It's been marked as [REDACTED] Exhibit No. 7.

22                   [Witness reviews document.]

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1 THE WITNESS: I don't believe I have seen this  
2 document; however, I have heard the phrase about "items of  
3 [REDACTED] origin" being available later, rather than from other  
4 sources. That I have seen in some document, I suspect in the  
5 March material that they gave me. The specifics of the  
6 subsequent pages about terminology and specific weapons, I  
7 don't think I've ever seen or heard of. This is probably a  
8 repetition of this [REDACTED] element. It's the only one that  
9 happened to stick in my mind.

10 BY MR. KERR:

11 Q Okay.

12 A But I have not seen this document as such.

13 Q All right. Let me show you a memorandum dated  
14 January 9, 1987, prepared by General Schweitzer for Mrs.  
15 Studley regarding a meeting that Schweitzer had with [REDACTED]  
16 on January 8th, 1987. I ask you, first, if you've ever seen  
17 the memorandum.

18 Second, if you were familiar, at or about the time,  
19 with the matters that are set forth in that memorandum?

20 [Witness reviews document.]

21 THE WITNESS: Now here's this [REDACTED] item again.  
22 Somewhere, I've seen this discussion about availability of

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1 [REDACTED] material. I don't remember these, this blue chip.

2 And isn't this--

3 MR. KERR: That's another version of it.

4 THE WITNESS: Another version. I have a feeling  
5 that I probably was briefed on this memo, and may well have  
6 seen it.

7 BY MR. KERR:

8 Q You would have been briefed by whom?

9 A By Schweitzer.

10 Q And you would have been briefed, you think, at  
11 approximately when in time?

12 A I would think--well, not too long after this. End  
13 of January, probably, after his meeting. My feeling is that  
14 all of this material about contacts with CIA on selling  
15 weapons began to be discussed seriously with me whenever it  
16 was that Schweitzer decided to leave GMT.

17 In other words, he wanted to let me know what he  
18 had been doing as a result of my opening up a channel for  
19 him, and I think that was more a courtesy to me than anything  
20 else.

21 He wanted me to know what he'd done, and what he  
22 hadn't done, because he was beginning to "bail out", in a

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1 sense, and I didn't know then that Barbara was going to press  
2 me to try to continue the same efforts, and I never was very  
3 interested in that, as I told you, and while I never said I  
4 wouldn't do it, I didn't say I would.

5 At some point or other--I don't think this is the  
6 copy, though. I saw something more like this, just a plain  
7 printed--

8 Q "This", referring to what? [REDACTED] Exhibit?

9 A [REDACTED] 6.

10 Q Okay.

11 A At some point or other, I think I have seen  
12 something like [REDACTED] 6. I definitely, at some point or  
13 other, saw a reference, or heard a reference to the difference  
14 between [REDACTED] material and [REDACTED] material. This  
15 little sheet here, page, whatever it is.

16 Q That is part of [REDACTED] Exhibit--

17 A [REDACTED] 11.

18 Q Eleven.

19 A It says "G-56, page 13". The numbers don't mean  
20 anything. Anyway, that page somewhere I have seen. I don't  
21 think, necessarily, in context with this particular memo.

22 Q You're telling me, though, that you think that you

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1 have been familiar with these documents at the time Schweitzer  
2 was leaving GMT, rather than before that?

3 A That's right. My impression is that I did not know  
4 about any of these subjects until he had decided, definitely,  
5 to leave GMT.

6 Q All right. Were you familiar with an effort by  
7 Schweitzer and Studley to obtain alternative prices from  
8 other arms dealers in the mid to late January period?

9 A Well--

10 Q Let me come at it another way. Did they come to  
11 you, to ask you for the names of arms brokers they might go  
12 to?

13 A No, no. My familiarity with that question of  
14 alternative sources came only when they presented me that  
15 final recategorized list, indicating that they had other  
16 sources.

17 Q So you were not one of the sources, or sources that  
18 they went to?

19 A No. I was not a source. No, no.

20 Q Okay. And it would be your testimony, that you  
21 were not conversant with the "grey arms" market, and them who  
22 peddled in it at that time?

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1           A     I was not. I was not anxious to become so. I only  
2 followed most of this discussion so as to be sure that any  
3 useful information the CIA otherwise did not know would get  
4 to them.

5           Q     Okay. All right. Specifically, a meeting that was  
6 held on January 12, 1987, with another arms broker, would not  
7 have been a meeting that you set up, would not have been a  
8 meeting that you helped arrange?


9           A     I never arranged any meetings with arms brokers.

10          Q     All right. And you are not familiar--

11          A     Unless someone's an arms broker, that I don't know  
12 is, but, you know, I mean, I was not aware that I set up such  
13 a meeting.


14          Q     Let me put the question to you another way.

15          A     If you have the name of someone that I would react  
16 to.

17          Q     I have a name, but it's a sensitive name. You are  
18 not familiar with, I take it, 

19 

20          A     No.

21          Q     You are not witting of  as your  
22 friends across the river like to say?

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1 A That means nothing to me.

2 Q All right. That's fine.

3 A Okay.

4 Q Let me show you a letter dated January 14, 1987, to  
5 [REDACTED] from General Schweitzer, and I ask you if you've  
6 ever seen it before. It's been previously marked as [REDACTED] 13.

7 A I believe I saw this at some point. Again, it may  
8 have been among the briefing papers that Bob used when he  
9 said now we--you know--"Barbara wants you to continue on, and  
10 I want you to know what I've been doing". This looks  
11 familiar, but I don't have it anymore.

12 Q Okay.

13 A I threw away most of that stuff, as soon as I  
14 could, and often I offered it to [REDACTED] If  
15 they didn't take it, I usually tore it up because this is not  
16 something I needed.

17 Q All right. So that I understand, then: if you saw  
18 this, again, it is most likely that you would have seen it at  
19 the time Schweitzer briefed you when he was leaving GMT?

20 A Yes. That's right.

21 Q And that would have been late February 1987?

22 A Is that when it was?

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1 Q Yes, sir.

2 A You see, I don't remember when he left.

3 Q According to his testimony it was late February.

4 A Well, then, it's definitely after this.

5 Q Okay. That's fine. You were not familiar,  
6 contemporaneously, with [REDACTED] No. 13, then?

7 A No.

8 Q Okay. Now we've already talked about your version  
9 of the March 9, 1987 document.

10 A Yes. I think that's the same one.

11 Q All right. Just another copy of it.

12 A That's when I really began to learn something about  
13 these weapons things.

14 Q All right. Let's go back to the meetings in March.  
15 The meeting of March 19, 1987, with [REDACTED] you do you  
16 recall the meeting?

17 A I know I had such a meeting.

18 Q Your calendar confirms that it was about March 19th?

19 A Right. It was, exactly. I have the time. It was  
20 a morning meeting, ten o'clock. I just checked that.

21 Q All right. In terms of what was discussed at that  
22 meeting, you do recall discussing, at that meeting, GMT's

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1 interest in pursuing the potential for contracting with the  
2 Central Intelligence Agency?

3 A Yes. And I gave him access to a lot of papers  
4 which were related to that, and I don't recall what they  
5 were. As I say, my standard practice would have been to give  
6 them to him or to throw them away. I think, mainly, it was  
7 the one that you just showed me, categorized.

8 Q In the context, then, of your letter of March 9,  
9 1987--excuse me--of Mrs. Studley's letter to you of March 9,  
10 1987, she makes mention in that letter of a lunch on March  
11 3rd, 1987?

12 A Yes.

13 Q You and she did have lunch?

14 A We did have that lunch.

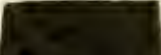
15 Q Was anyone else present at that lunch?

16 A I don't believe so. I could be wrong. I don't  
17 remember.

18 Q Schweitzer was not present at the lunch?

19 A No. Schweitzer was definitely not.

20 Q The purpose of the lunch was what?

21 A The purpose of the lunch was to ask me if I would  
22 continue efforts to sell the torpedoes  which she

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1 knew I was keenly interested in, and I said, well, I don't--  
2 you know--I don't think it's a very "hot prospect", but I'm  
3 willing to do what I can for you. She said, well, I want to  
4 retain you, I want to have you really work for me now. I  
5 realize you've been doing this all for free, in effect, after  
6 that first contact, and then she said, I also want you to  
7 take up the possibility of selling things to CIA, because you  
8 know better than anybody else how to do it.

9 I said, you know, I'm not very interested in that,  
10 Barbara. Well, will you consider just being a general  
11 representative of my company? That was the gist of the  
12 conversation. And I said, well, at the right time perhaps I  
13 will. Let's see how things turn out, what's going to happen  
14 with Bob, and, you know, already I knew then that they were  
15 being investigated. Bob was beginning to tell me that they  
16 were, or would be.

17 Q To put it in context, the story that broke in the  
18 newspapers broke in late February, around the 19th through  
19 the 20th of February 1987.

20 A Yeah, that's right.

21 Q I take it you would have discussed with her that  
22 publicity?

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1           A       I suppose, though the recollection I have of that  
2 publicity was from my discussion with Schweitzer, and  
3 Schweitzer called me around that time when that publicity  
4 broke, and said, my God, Singlaub and Barbara have gone to  
5 the press and told the story about previous activities that I  
6 didn't know about, and you didn't know about, and it's no  
7 wonder we couldn't do better than we did in working out  
8 something with [REDACTED] There was a whole back history there  
9 we didn't know.

10           And I said, oh, that's fascinating. That probably  
11 explains what I thought was a rather odd resistance to going  
12 ahead with GMT at the time, and so it was undoubtedly when  
13 that newspaper story broke that Bob talked to me about it. I  
14 don't doubt, then, that some reference was made to it in my  
15 lunch with Barbara, but I probably wouldn't have pursued it  
16 because I had already discussed it with Bob.

17           Q       All right. Let me pursue what you did discuss, as  
18 I understand it. She says in the letter, that she appreciates  
19 your willingness, apparently expressed at this March 3rd  
20 meeting or lunch--

21           A       Yes. Right.

22           Q       --to proceed on behalf of GMT to conduct the

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1 ongoing negotiations through, what she says is your corpora-  
2 tion--

3 A ClinExpo.

4 Q ClinExpo. Right. First question: what is ClinExpo?

5 A ClinExpo is a commercial corporation set up about  
6 three years ago, when I was being persuaded by some Italian  
7 wine and cheese merchants to try to import Italian com-  
8 modities, of a variety of kinds, to this corporation. Like  
9 so many of these proposals, I went into it as a way of  
10 keeping contact with some interesting people, and nothing  
11 every came of it, commercially. ClinExpo.

12 Q ClinExpo continues to exist, is that right?

13 A It continues to exist, and has had two or three  
14 clients who may have paid as much as a total of <sup>20</sup> or \$30,000  
15 for consultation on opportunities to invest in trade and do  
16 things.

17 Q Who are the stockholders of ClinExpo?

18 A I think my wife and I are stockholders, and our  
19 children are in some companies, and not in others. I do not  
20 think they are in ClinExpo. The principal stockholder is a  
21 man, now about to die, I'm afraid, in Italy, an Italian-  
22 American, who's the one who got me involved in all these

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1 commercial deals, and we set up the company for his con-  
2 venience, primarily, so that--

3 Q His name is what?

4 A His name is Nisi. N-i-s-i. Marcello. M-a-r-c-e-l-  
5 l-o. And I believe that he and his wife, Mrs. Nisi, are the  
6 principal stockholders of ClinExpo. It's never made any  
7 money and it's never dispensed any money, so it's a shell  
8 corporation.

9 Q It's state of incorporation is what?

10 A Delaware.

11 Q Delaware?

12 A Yes.

13 Q And it was established approximately when?

14 A I think approximately three years ago. I'd guess  
15 it was 1984.

16 Q What attorney incorporated the company?

17 A I can't tell you now, but it was--it's one of the  
18 big Washington firms. I can't tell you. I forget.

19 Q All right. The letter says that you were willing  
20 to proceed on behalf of GMT with the torpedo negotiations  
21 through ClinExpo, is that correct?

22 A That is an exaggeration of my position. I said I

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1 was willing to try to help her continue to keep this project  
2 alive. She asked if I would undertake it under some auspices  
3 other than GMT, since I think she felt, probably correct,  
4 that GMT was kind of damaged as a result of the Singlaub  
5 publicity, and she asked if I would simply represent her in  
6 any corporate capacity that I had. Well, I was unwilling to  
7 offer SIFT, which is the commercial company I use for  
8 consulting, and I said, well, if I am going to do this, I  
9 would probably want to use a separate corporation that has  
10 nothing else to do.

11 So that if we happened to be able to pull something  
12 off for your benefit, it would be a very narrowly identified  
13 thing, and that's the way the subject of ClinExpo came up.  
14 But her statement there, as I say, is an exaggeration. It  
15 was a subject we discussed. I did not refuse. I did not  
16 accept.

17 I told her, frankly, I wanted to wait and see what  
18 happened before we went ahead.

19 Q Are there any other corporations that you have--  
20 pardon the expression--"on the shelf"? Are there any other  
21 corporate entities that you have?

22 A Yes. That's one which was originally intended, as

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1 I say, to make it possible for Italian firms to import things  
2 into the United States, and help develop trade between Italy  
3 and America. That was the concept. A second one, which was  
4 set up at the same time--the only other one I have anything  
5 to do with--is a going concern called Arbor--A-r-b-o-r--which  
6 imports Italian wine to this country, and is now--

7 Q That sounds like a good operation.

8 A Well, it was a good one, but it got started exactly  
9 when the scandal about Italian wine being poisoned came, and  
10 we lost our shirt on that, and I'm now trying to close it  
11 out. Those were set up at the same time, with the same burst  
12 of enthusiasm from Mr. Nisi, and they were my efforts to keep  
13 any purely commercial activity separate, not only from my  
14 nonprofits, but from my private consulting, which is intellec-  
15 tual activity.

16 Q This company is Arbor, Inc., is that right?

17 A Arbor--yeah--Arbor Imports, Inc.

18 Q It is also a Delaware corporation?

19 A Yes.

20 Q Its stockholders are also Nisi, Nisi's wife?

21 A Nisi's wife.

22 Q Yourself? Your wife?

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1           A     Yes. Possibly my two daughters or their husbands,  
2 but I honestly--oh, at one point, there was a young man who  
3 was trying to help me sell wine, was a president, but I don't  
4 believe a stockholder. These are all minor--you know--not  
5 very successful financial operations. Nobody profited very  
6 much from any of it.

7           Q     She makes reference to banking arrangements that  
8 have been established through an exceptional attorney,  
9 Laurent Levi. What banking arrangements is she talking about  
10 in this March 9 letter?

11          A     I assume that she's talking about--my recollection  
12 from the lunch is she's talking about the banking arrange-  
13 ments that would be used to facilitate an exchange of funds  
14 in connection with the torpedo purchase. That's the only  
15 banking I ever had any discussion with her about.

16          Q     And do you recollection what bank, what Swiss bank  
17 she was talking about?

18          A     I do not.

19          Q     Do you recall why it was, that this transaction  
20 required the services of a Swiss as opposed to a U.S. bank?

21          A     Well, I think she thought that this purchase would  
22 be a foreign weapon, would not go through the United States,

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1 would be transferred [REDACTED] and that it would be better  
 2 for confidentiality--which was desired by all concerned--the  
 3 seller, the purchaser, and everybody else--to handle the  
 4 banking outside the United States. I don't think there was  
 5 anything particularly devious about it; it was just to use a  
 6 foreign bank rather than a U.S. bank.

7 Q All right. Well, I'm just curious, what's coming  
 8 down here, because she's also talking about a third country.  
 9 What other country would she be talking about?

10 A I think I know. Let me see. One from the third--  
 11 yeah.

12 Q [REDACTED] I understand. What was the third country?

13 A The third country is [REDACTED]

14 Q [REDACTED]

15 A Yes.

16 Q All right.

17 A There was a discussion of "other third countries",  
 18 and that's why we used the term "third countries". At one  
 19 point, they were suggesting another, actually [REDACTED]  
 20 country, but by the time she had lunch with me, she was  
 21 thinking that the way to do this was only through [REDACTED] and  
 22 that also was my view, and limitation, that the [REDACTED] were

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1 not exactly the people that we wanted to do business with at  
2 this point. But again, her memo and her letter--and that's  
3 why I showed it to you, particularly--is a one-sided proposi-  
4 tion.

5 This was sort of the proposition she was making at  
6 the lunch, which I did not reject, and I said in principle,  
7 "Barbara, you know I'd like to help you, but now that Schweit-  
8 zer's gone, I don't know whether I can even spend the time on  
9 it. He did all the work. I just introduced him to people,  
10 and I don't know that it's worth continuing, but let's let it  
11 ride for a while, and we'll discuss it later".

12 So that's why I showed you the letter. It sounds as  
13 if we had a more contractual relationship than we do.

14 Q Bear with me. You must understand, in light of the  
15 document that we saw from December 20, or thereabouts, 1985,  
16 that talked about a three-way transaction, which on that  
17 occasion involved the [REDACTED] GMT  
18 as the arms broker, and then a vast array of revolutions  
19 around the world that were going to benefit from it--I have  
20 an abiding interest in transactions that Mrs. Studley is  
21 involved with with "third countries".

22 A Well, let me explain to you: this is entirely

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1 different. This was a proposition that the weapons involved  
 2 be sold from a European country to a third country--in this  
 3 case [REDACTED]--possibly another country, which would have been  
 4 a near-Eastern country--and transferred to [REDACTED] There was  
 5 no association in any of my discussions, with either Schweit-  
 6 zer or Studley, with Central America.

7 Q All right. But she says there are four brokers and  
 8 four countries involved. I'm just curious as to what she's  
 9 talking about here. Do you recall?

10 A I assume the fourth country would be the United  
 11 States, her, in other words.

12 Q Okay.

13 A [REDACTED]

14 Q [REDACTED]

15 A [REDACTED]

16 Q [REDACTED] I take it?

17 A [REDACTED] as the inter-  
 18 mediary, willing to purchase the weapons and then transfer  
 19 most of them to [REDACTED] The fourth county, the only  
 20 one I can think of is U.S., which is GMT. As I say, another  
 21 country in the [REDACTED] was discussed, but by the time I  
 22 had lunch with her, she had said, you know, that just won't

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1 work, we'd better just stick with [REDACTED] so I assume that  
2 she's referring to herself. I'm only interpreting the  
3 language. I don't remember what she said.

4 Q This contract is March 9 of 1987. She's talking  
5 about a meeting that subsequently would take place in Geneva.  
6 Did that meeting ever take place? The meeting to discuss  
7 this deal, this torpedo deal. You don't know whether it took  
8 place?

9 A I don't know. I don't know.

10 Q All right. In terms of pursuit of this transaction,  
11 did you in fact pursue it?

12 A I discussed the subject with my friends in the  
13 [REDACTED] representation here in--

14 Q [REDACTED] meaning [REDACTED]

15 A [REDACTED] And frankly, I said to them, I don't  
16 imagine you will want to pursue this now, but I want you to  
17 know that the GMT still wants to do it, and if I were useful  
18 in helping you do something you wanted to do, I'm very  
19 politically supportive of the [REDACTED] and I said,  
20 you know, let me know--in effect--let me know, if you think  
21 there's something still to be pursued. And in effect, what  
22 my friend here said was, not now, and that's where it stands.

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1 Q All right. Did that imply to you, that after  
2 Congress went on its way, and the publicity settle down, they  
3 might be willing to pursue it?

4 A Frankly, I don't think so. I think they were just  
5 being polite to me.

6 Q Or just not liking to say "no", directly.

7 A They don't' like to say "no"--frankly, not--but  
8 again, that's why I left it open-ended with Barbara. Why  
9 tell her that there's no opportunity.

10 Q I understand. All right. But there has been no  
11 action on this matter--

12 A There has been no action on this matter and I--

13 Q And as far as you're aware, this matter was not a  
14 matter that was designed to generate a "slush fund" that  
15 would be used to buy weapons to engage in revolutions  
16 elsewhere?

17 A I can guarantee you that no one ever suggested to  
18 me that idea.

19 Q All right. The cable that was prepared by the  
20 Agency on its meeting of March 19, 1987, relates essentially  
21 to what you've told me.

22 A Did I talk about anything else? I can't remember.

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1 Q Well, there is a mention of what's contained in the  
2 March 9 materials about a T-72 tank, and the like.

3 A Yes. Okay.

4 Q But then there is a reference to an individual  
5 described as an Israeli-born arms dealer who works out of  
6 Brussels, Belgium, who gave an envelope to you, which you  
7 then passed on to the CIA agent, whose name I keep butcher-  
8 ing. Mister--

9 A 

10 Q 

11 A That's right.

12 Q And that you passed that envelope on to him?

13 A That's right. I did not retain it.

14 Q All right. In terms of the Israeli-born arms  
15 dealer who works out of Brussels, Belgium, did you at that  
16 time know the identity of that arms dealer?

17 A At some point I did know the name, but it didn't  
18 mean anything to me.

19 Q Do you know the identity of that arms dealer at  
20 present?

21 A No.

22 Q Do you know anything more about that arms dealer?

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1           A     No. He just was someone that Barbara thought was a  
2 "good guy" and therefore was evidently trying to do a favor  
3 to, is why she'd made that--those materials together. I  
4 asked about it because I said what the hell does he gain by  
5 this? What's he trying to do? Is he trying to blackmail  
6 somebody or torpedo somebody? And said, well, she thinks  
7 that the U.S. ought to know that the guys are "bad guys", and  
8 that's why he gave the material to me.

9                     And actually, she gave that material to somebody  
10 else as well as to me, so I--someone in the Customs Service,  
11 that she told me she had given it to. So when her son brought  
12 it around to me, I just turned it over [REDACTED] I said I  
13 don't want to get into this; if you want it, take it. If you  
14 don't, let it go.

15           Q     Do you know, in the arms of what country this  
16 dealer dealt? Were they Eastern bloc, Soviet bloc arms, or  
17 what? Do you know?

18           A     No. I just don't know. I just didn't get into  
19 that, you see. It was only a source of information about  
20 Iranian arms merchants who were in this country, and apparent-  
21 ly--and I thought that was an internal security affairs.

22           Q     Let me show you a collection of documents under a

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1 "Washington Post" logo which I'd like you to look at, and  
2 tell me if these are the documents that you passed on to the  
3 Agency at the March 19th meeting.

4 [Witness reviews documents.]

5 THE WITNESS: Lavi. Yeah. These are the--the  
6 first one is. I assume they all are. This Tufanian--"It is  
7 decreed that the imperial armed forces will refrain from any  
8 contract with this company". Yeah. I think this is the same  
9 stack of documents as--certainly, the ones I recognize are.

10 MR. KERR: These we would like to have marked as  
11 Exhibit 11.

12 (Whereupon, the above-referred  
13 to document was marked Cline  
14 Deposition Exhibit No. 11  
15 for identification.)

16 THE WITNESS: And, incidentally, that's characteris-  
17 tic of what I do for the Agency. If somebody hands me  
18 something I think might be of security interest, I pass it  
19 along, but I don't take any interest in it because I'm not in  
20 the business any more.

21 BY MR. KERR:

22 Q You were given these documents by Michael Marx, is

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1 that correct?

2 A Michael Marx. That's right.

3 Q And Michael Marx is Mrs. Studley's son?

4 A Yes.

5 Q And the documents relate to the Lavi brothers. L-  
6 a-v-i. Do you know anything about the Lavi brothers?

7 A No, it was all news to me, but they sounded like  
8 fellows people should know about.

9 Q One of the Lavi brothers is a Houshang Lavi. H-o-  
10 u-s-h-a-n-g, Lavi. You don't know anything about Mr. Lavi?

11 A No. I don't.

12 Q You were not aware that Mr. Lavi is one of the  
13 witnesses that the U.S. Customs Service intends to utilize in  
14 its case against various folks from Israel and other coun-  
15 tries, who ostensibly were engaged in purchasing arms for  
16 delivery to Iran? The case is now pending in New York City.

17 A Well, I'm not aware of that. I think there's some  
18 reference to the arms, illegal arms purchases for Iran in  
19 those documents, but I didn't retain them so I didn't study  
20 them very carefully.

21 I don't know anything about Mr. Lavi, or the Customs  
22 case.

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1 Q The Customs case is a case that was made by Cyrus  
2 Hashimi. It's the "sting" case up in New York.

3 A I see.

4 Q And Mr. Hashimi having met an untimely end. Do you  
5 know anything more about why Mrs. Studley was interested in  
6 your passing this information on to the Central Intelligence  
7 Agency?

8 A No. I don't. I was curious about it, but when she  
9 told me she'd passed it on to the Customs Service, and  
10 thought it ought to be of general interest, I say, well, okay,  
11 let me have it. I'll see if my [REDACTED] friends are inter-  
12 ested, and, somewhat to my surprise, [REDACTED] seemed to  
13 be quite interested in it, and took it, and that's the last I-  
14 -I said don't bother to give--I don't want a copy.

15 Q Have you had any subsequent conversations with [REDACTED]  
16 [REDACTED] about these materials, the Lavi brothers, the New  
17 York "sting" case, Cyrus Hashimi, or anything else relating  
18 to this matter?

19 A No. I just don't follow up on those things unless  
20 there's something I need to do to get more information.

21 Q Did [REDACTED] ever tell you what, if anything, eh did  
22 with this information?

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1 A I don't believe so.

2 Q All right. Have you have any subsequent conversa-  
3 tions with [REDACTED] about this matter?

4 A I don't believe so. A kind of comment these  
5 [REDACTED] people make is, there was some interest in information  
6 you gave us. He may have said that, but, if so, that's all I  
7 know. There was no follow-up, no additional information  
8 imparted.

9 Q You were not asked to determine for the Agency who  
10 the Israeli-born arms dealer might be?

11 A No. I was not.

12 Q You were not asked to obtain any further infor-  
13 mation on this matter?

14 A No.

15 Q And you have not in fact done so?

16 A I have not, no.

17 Q All right.

18 A As I say, I think Barbara did at one time tell me  
19 the name, but I've forgotten it.

20 Q If that name comes to you, I would be grateful if  
21 you would relate it to us.

22 A Okay.

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1 Q All right.

2 A She was very secretive about it, so that's why--I  
3 have a great skill at forgetting the things that I don't need  
4 to know, because I've lived 45 years with a lot of information  
5 that I want to keep very carefully compartmented in my mind.

6 Q Okay. You do recall advising [REDACTED] that the  
7 arms dealer, source "A", whatever it was, that was referred  
8 to, was Werner Glatt?

9 A Yes. The source "A". The [REDACTED] papers, yes.

10 Q Yes. And in that regard, did [REDACTED] say anything  
11 to you about the Agency's view of Werner Glatt?

12 A I believe he confirmed to me the impression I had  
13 form my brief conversation with [REDACTED] which was that Werner  
14 was a "bad man", but that's about all I got. That was just,  
15 I think, a personal impression of [REDACTED] who seems to know  
16 something about these things, more than I do. I think he had  
17 been involved in studying [REDACTED] a good bit. He  
18 certainly knew a lot more about Werner than I did.

19 Q Do you recall telling [REDACTED] on March 19,  
20 that if you were unsuccessful, through him, in making renewed  
21 contact with [REDACTED] you were prepared to make contact with  
22 acting CIA Director Gates, to ask him to re-establish the

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1 relationship?

2           A     I don't remember, exactly, that conversation. I  
3 think what I said was that if he had difficulty getting a  
4 response--which is often the case with the [REDACTED] people--  
5 that I was willing to talk to Gate about it, but that I'd  
6 prefer to treat it as an information problem, because I didn't  
7 want to become an advocate. I wanted to be simply informed  
8 as to any real interest by the Agency.

9                     I was afraid that, in view of what I thought was  
10 [REDACTED] rather negative attitude, that just nothing would  
11 happen. I know how bureaucracies work, and I did think that  
12 someone in a senior position should know that there was an  
13 allegation that this capability existed and could be used.

14                     And it was so confusing to me as to prices, and  
15 sources, and so on, that I just wanted to be sure someone was  
16 paying attention. That was the "drift" of my comments to  
17 [REDACTED] You've got to remember, [REDACTED] seemed to be a very  
18 young man to me, and I was sort of coaching him how to get  
19 the response he need, bureaucratically.

20           Q     Do you recall advising [REDACTED] that it was you who  
21 had previously put Studley in contact with [REDACTED] as a  
22 result of your contact with Casey?

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1 A Yes. Yes, I think I told him that.

2 Q And your understanding was that that was true, is  
3 that right? You are the one that opened the door for  
4 Studley, through your contact with Casey?

5 A Well, not initially with Studley. I put Schweitzer  
6 in contact with [REDACTED] on behalf of Studley. It turns out  
7 she had been in contact with Casey a long time before. What  
8 I'm talking about is the November-December 1986 period.  
9 That's what I told [REDACTED] You've got to remember--I didn't  
10 know who Barbara was before some time--October or November  
11 1986.

12 Q Do you recall telling [REDACTED] at the March 19  
13 meeting, that Studley had been actively supporting the  
14 contras, and possibly the Afghan resistance?

15 A I don't remember about the Afghan, but by this time  
16 I think I was reflecting the Singlaub-Studley story about  
17 their '85 arms transaction.

18 Q Do you recall saying or implying anything to  
19 [REDACTED] that Mrs. Studley and GMT would be particularly  
20 worthy of CIA contracts, in light of Studley's good works for  
21 the contras in the past?

22 A I may well have said something like that. I would

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1 have been referring to what she told me, after the Singlaub  
 2 news story, and I think perhaps I discussed with Schweitzer  
 3 that they had successfully transferred arms in 1985, in a way  
 4 that they considered totally legal, and internal to the United  
 5 States, and therefore, not faulty in any way. And I would  
 6 have concurred in that, as long as no laws were broken.

7 I felt that arms for the contras were a matter, a  
 8 benefit to U.S. strategic interests in the Caribbean.

tF 9 Because that is my judgment on a strategic issue, I might  
 10 well have volunteered that [REDACTED]

11 Q All right. You did in fact meet with [REDACTED] on  
 12 the 27th of March?

13 A Yes. Were the two dates that were mentioned in my  
 14 notice. I did meet.

15 Q And where did you meet with [REDACTED] at that time?

16 A In my office. I always met in my office.

17 Q Who else was present when you met with [REDACTED] on  
 18 the 27th?

19 A I don't remember. I don't remember what we talked  
 20 about on that occasion. The two dates are mixed in my mind.  
 21 I don't recall, exactly, what the purpose of those two  
 22 conversations was. Had I just come back from a trip, or

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1 something?

2 Q I can't--

3 A You can't tell--

4 Q --tell you that.

5 A I would have to do some research to do that. I  
6 didn't have time to do that.

7 Q Do you recall, that when you and [REDACTED] were  
8 meeting on the 28th, that Michael Marx came into your office?

9 A I believe he did, yes. I think I introduced him to  
10 [REDACTED] at some time, in a meeting, when I was--it was  
11 accidental, as far as I know.

12 Q Do you recall what it was that Marx told you in  
13 [REDACTED] presence at that time?

14 A No. I don't recall, now.

15 Q Do you recall that Marx told you that Mrs. Studley  
16 and GMT had just been served with a subpoena from the House  
17 Select Committee?

18 A Oh, I think that might have been what happened,  
19 yes, and I may have advised--if so, I probably would have  
20 advised [REDACTED] because I thought he would be interested to  
21 know that the firm I'd been telling him about would be  
22 subject of inquiry. I didn't remember I'd done that, but I

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1 probably did.

2 Q Do you recall what you told Marx in the presence of  
3 [REDACTED] regarding the House of Representatives' subpoena?

4 A No. No, I don't.

5 Q Do you recall telling Marx, in the presence of  
6 [REDACTED] that he, Marx, should tell his mother, Mrs. Studley  
7 that she had not been in contact with the CIA, since she had  
8 only been in contact with yourself, and that the whole affair  
9 had been very tentative? Further, that you advised Marx that  
10 his mother should not mention discussing with you the  
11 possible arms purchase, because that, too, had been tentative?

12 A Well, I am sure that what I was saying is what I've  
13 been saying to you about this contract, that--and, see, this  
14 is after--this is probably after my luncheon with her, right?

15 Q Yes, sir. This was March 27th.

16 A I think what I was saying was, look, don't say that  
17 we have an arrangement to sell arms to CIA because I have not  
18 agreed to do so for you, and my approaches to them were  
19 tentative, and so far inconclusive, and I don't expect--I  
20 don't know that we'll be able to do what you hope for. That  
21 would have been the gist of the message I was trying to give  
22 to Mrs. Studley, which is what I had given her earlier, and

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1 had nothing to do with their being under investigation.

2 Q If the CIA agent, [REDACTED] understood you to be  
3 telling Mr. Marx that his mother should not--his mother, Mrs.  
4 Studley--should not comply with the subpoena, and should not  
5 identify to the House of Representatives, that she had been  
6 endeavoring to contract with the Central Intelligence Agency,  
7 he would have misunderstood what you were telling Mr. Marx,  
8 is that correct?

9 A Yes. All I could have possibly been trying to say--  
10 --and I don't remember the words, I don't remember the  
11 conversation, particularly--was to say, do not exaggerate  
12 because of your wishes, and hopes, your chances for selling  
13 arms to CIA. She was very--I think she tended to believe  
14 that if I supported her long enough, and earnestly enough,  
15 she would eventually be able to succeed. My personal opinion  
16 is that that's unlikely to happen.

17 So, I was talking about her actual contractual  
18 relations in the 1986-1987, and future period.

19 Q At that, or any other time, have you told Mrs.  
20 Studley, in conjunction with the House of Representatives'  
21 subpoena that was served upon her, that she should not be  
22 fully truthful and forthcoming with regard to her relationship

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1 to the Central Intelligence Agency?

2 A No, no. Never told her that. I don't even read  
3 that sentence that way, although it's a little elliptical.  
4 It could be interpreted as suggesting she not say anything  
5 about her contacts. I don't think that's--I wouldn't have  
6 said that because, you know, it's on the public record. I  
7 called Bill Casey. I know that those matters are matters of  
8 record.

9 What I was saying is that you don't have a "live"  
10 contractual relationship, and therefore, be careful to  
11 distinguish that you don't. Now I wasn't telling her what to  
12 say about 1985 because I didn't know anything about that. I  
13 was talking about our current relationship.

14 Q All right. One of my objectives in issuing the  
15 subpoena was to try to make clear, on the record, for both  
16 the Senators and the Members of the House, what it was that  
17 you were doing on March 27th. One way that this incident  
18 could be construed, quite frankly, Doctor, is that you were  
19 telling Mr. Marx to convey to Mrs. Studley that she should  
20 not comply with the subpoena insofar as the CIA was concerned.

21 That, I take it, was not your intention?

22 A Of course not. I wouldn't give her advice on that

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1 subject anyway. She had lawyers to advise her on what to do.

2 Q She sure as not does. A whole passel of them.

3 A A whole passel of them, yes. And, you know, I'm  
4 not that close to Barbara. I was doing a favor for Schweit-  
5 zer, and ended up with Barbara on my lap, is what it really  
6 amounted to. I think she is probably a patriotic woman. I  
7 don't know much about her performance, but her views are that  
8 she thought she was doing something in the national interest  
9 which some people disagree with, and I tend to be sympathetic  
10 with people who try to do that..

11 Q So we're clear: you did not tell Marx that his  
12 mother should not mention to the House of Representatives,  
13 that she had been in touch with you about an arms contract?

14 A No, no. I imagine I might have said to him, as I  
15 had said to her, do not misconstrue our discussions to  
16 indicate that we have a contractual relationship of any kind.  
17 I did not want it to be implied that I was actually working  
18 for GMT, and if there was going to be an investigation of it,  
19 I hoped that that would be clear, which is the fact.

20 Q Do you have knowledge today, of any documents that  
21 Mrs. Studley has not provided to the Senate and the House in  
22 response to the subpoena, at your instruction?

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1           A       I have no such knowledge at all, and obviously, not  
2 at my instruction. Actually, the only two documents that I  
3 was concerned about are the ones I just gave you--the draft  
4 contract and the draft retainership, which looked to me as if  
5 people might construe a closer relationship than I considered  
6 to exist, and therefore, I want to be very careful about that  
7 documentation.

8           Q       You indicated in your March 27, 1987 meeting with  
9 [REDACTED] apparently, that you were planning to have lunch with  
10 Gates in April. Did you in fact lunch with Gates?

11          A       Yes, I did. That had been long scheduled, and I'd  
12 been trying to arrange a lunch with him for some time, and,  
13 again, I have a firm policy to not let your junior officers  
14 be upstaged by their bosses, and I told him about it. In  
15 fact we did not discuss any of these things, seriously,  
16 because things had changed. I was really concerned about  
17 Casey's death, and--

18          Q       When, in April, did you meet with Gates?

19          A       With whom?

20          Q       With Gates.

21          A       Well, I can't remember. I probably gave the date to  
22 [REDACTED] but I don't recall. I'd have to look it up in my

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1 calendar. It was changed several times, but I finally did  
2 have lunch with him quite a bit later than I'd originally  
3 expected.

4 Q Who else was present then?

5 A Nobody.

6 Q I'd like you to give my your fullest and most  
7 complete recollection of what you discussed with Gates at  
8 that time.

9 A Well, you've got to remember that I was--I hired  
10 Gates for the Agency, although he was--

11 Q I didn't know that. Is that right?

12 A Well, he was a, what we called a career trainee,  
13 and he remembers that I brought him in when I was Deputy  
14 Director, and spoke to the group. I don't remember that.  
15 You know, I hired a lot of people. But he did come on board  
16 when I was still DDI. So we have a kind of avuncular  
17 relationship.

18 I was mainly trying to find out from him how he felt  
19 the Agency was prepared to deal with what seemed to me to be  
20 another time of criticism and, perhaps, excessive negativism,  
21 like the period in the mid-1970's, when I felt that the Agency  
22 suffered a great deal from the "fallout" from the Church

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1 Committee. The Church Committee had a good purpose, but in  
2 my view committed some investigative indiscretions that did  
3 the Agency a good bit of damage. I wanted to find out  
4 whether Gates thought this was a danger, again. He didn't  
5 really know and didn't express any opinions on that. I  
6 mainly asked him what his own personal intentions were. I  
7 told him I thought that the Administration had handled his  
8 situation very badly. He's a career officer. He should not  
9 have been put up as DCI unless they were, for some reason,  
10 prepared to fight it through and get him appointed.

11 That putting him up, and taking him down was  
12 humiliating, and I hoped that he wouldn't take it personally.  
13 I said, you know, it's just part of the climate in Washington  
14 these days. You should not take it personally. I hope you  
15 will stay on in your DDCI job, and help this new man who's  
16 coming in--he was not yet in--because the Agency has to  
17 survive no matter what the problems are, and it's going to be  
18 a rough time. And he told me that he intended to survive.  
19 That was the main thrust of our conversation.

20 Comments about Casey. I forget. Casey had not yet  
21 died. He was very low. I asked him about Casey's health.  
22 He had seen Casey since I had. It was a sentimental conversa-

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1 tion, for the most part, quite different from what would have  
2 taken place if it had taken place several weeks earlier, as I  
3 had anticipated.

4 Q Was there any discussion of the prior meetings that  
5 you'd had with [REDACTED] about GMT?

6 A I don't think so. I don't remember bringing it up.  
7 I wouldn't guarantee it wasn't mentioned, but this was not  
8 much a business meeting. This was a philosophical, historical  
9 discussion, ranging back 25 years.

10 Q Do you have any recollection of making a request of  
11 Mr. Gates that the CIA reconsider its decision not to do  
12 business with GMT?

13 A No, no. I'm sure I did not do that. I could  
14 conceivably have mentioned that they were interested in it,  
15 but I don't think I did that, either.

16 Q I have taken you way over time, but let me try to  
17 wrap this up real quick. I'd like you to look at Graham  
18 Exhibit 4, which is a memorandum that was provided to us by  
19 counsel for Mrs. Studley. I'd like you to look at the  
20 document, tell me if you've ever seen it before, and if so,  
21 under what circumstances.

22 [Witness reviews document.]

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1 THE WITNESS: Goodness. This is a weird one. No.  
2 I have not seen this. I don't know who--Koszuros, who's that?

3 BY MR. KERR:

4 Q That's the lawyer for Mrs. Studley.

5 A That's the lawyer. Is there any indication who the  
6 author is?

7 Q Mrs. Studley, I believe, wrote that document.

8 A Koszuros is the author of the cover memo, but--I  
9 see. Oh, you think Barbara wrote that?

10 Q Yes.

11 A Well, that sounds like Barbara. She's a little  
12 "wild" sometimes, I must say.

13 Q The memo you've never seen?

14 A I've never seen it.

15 Q And you don't know the circumstances under which it  
16 was written?

17 A No.

18 Q Let me close with two newspaper stories that I need  
19 to take a look at.

20 A All right.

21 Q The first is a "Los Angeles Times" article of June  
22 13, 1987 which talks about work that we are doing with regard

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1 to Cyrus Hashimi and in a note, on the last page, it mentions  
2 Houshang Lavi. I'd like you to read it enough to tell me if  
3 it gives you any further recollection of knowledge that you  
4 would have of why Studley was passing on to you information  
5 on Houshang Lavi. Any connection it might have with the  
6 untimely demise of Cyrus Hashimi?

7 A When did he get knocked off?

8 Q He died before we had a chance to talk to him,  
9 unfortunately, back in '86.

10 A Oh.

11 Q It's long before--

12 A '86. Oh, not when this--

13 Q Long before this blew up.

14 [Witness reviews document.]

15 THE WITNESS: Wild. I don't remember anything more  
16 about that. I honestly didn't pay much attention to that. I  
17 see. So he was a, presumably was a good guy.

18 MR. KERR: At least he was a snitch that started  
19 the Customs Service's case. He was a little nervous about his  
20 current well-being.

21 THE WITNESS: Maybe that's <sup>By</sup> Barbara wanted to  
22 give it to the Customs Service. It surprised me that she gave

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1 it to me.

2 MR. KERR: You know, anything you can tell me about  
3 what she told you when she passed the packet onto you.

4 THE WITNESS: Well, she didn't pass it. She sent  
5 it over--

6 MR. KERR: By way of Marx.

7 THE WITNESS: She probably called me. She sent it  
8 by her son.

9 BY MR. KERR:

10 Q And he didn't tell you anything more about the  
11 Lavis?

12 A No, no. I don't think he knew anything more about  
13 them, and I kept asking, why does anybody want to do this?,  
14 and they said, well, this guy in Belgium is probably the one  
15 who has some axes to grind, you know, but he's a "good guy"  
16 and it ought to be available to people, and which is an  
17 argument I tend to make on almost anything. But I don't know  
18 any of that detail.

19 Q And that doesn't give you any further recall?

20 A Doesn't refresh my memory on it, no.

21 Q All right. There is an investigation going on  
22 relating to Mrs. Studley and her activities with regard to a

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1 couple of Florida banks. I'd like you to take a look at a  
2 June 11th article from the Miami "Herald" which outlines what  
3 the Miami "Herald" knows about those investigations, to see  
4 if they stir any recollection of knowledge that you would  
5 have about knowledge of Mrs. Studley's activities relating to  
6 these banks, and her use of these banks to finance activities  
7 relating to the contras.

8 [Witness reviews document.]

9 THE WITNESS: You know, this is the sort of stuff  
10 that makes my eyes glaze over. My observation is these  
11 businessmen cheat each other all the time. I've become so  
12 disillusioned.

13 MR. KERR: It's what keeps us lawyers busy; God  
14 bless them.

15 THE WITNESS: It keeps you guys in funds. That's  
16 right. I can't make anything much out of it, to tell you the  
17 truth.

18 MR. KERR: All right. Well, let me ask you a  
19 specific question.

20 THE WITNESS: Is there some special angle on it?

21 MR. KERR: Yes.

22 BY MR. KERR:

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1 Q Do you know Louis F. Petrillo, the former president  
2 of the Bayshore Bank?

3 A No. I don't know him. I never heard his name.

4 Q Have you ever had any business transactions  
5 yourself with the Bayshore Bank?

6 A Absolutely not. No.

7 Q Do you have any knowledge--

8 A Bayshore is Florida, isn't it?

9 Q Yes, sir.

10 A Not in Long Island.

11 Q That's true.

12 A Okay. No.

13 Q Do you have any knowledge of a loan that GMT  
14 obtained in the amount of \$500,000 from Florida National Bank  
15 to further its relationship with Israel in 1985?

16 A I didn't know that, although Barbara throws the  
17 names--the name Israel around, and says she's got a lot of  
18 banking connections, but I didn't know about this one.

19 Q Do you have any knowledge of a \$1.5 million letter  
20 of credit issued by Florida National Bank ostensibly to aid  
21 Mrs. Studley in raising money to purchase weapons for the  
22 contras in 1985?

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1 A No. No. This is all prior stuff.

2 Q Do you have any knowledge of a \$1.5 million loan  
3 from Bayshore Bank, utilized to pay off the defaulted letter  
4 of credit of Florida National Bank when it came due in the  
5 summer of 1986?

6 A No. I get the impression Barbara has financial  
7 troubles, but that's all I can say.

8 Q In terms of her Florida banking difficulties--

9 A I don't know anything about it.

10 Q --you know not, is that right?

11 A I know not. Absolutely.

12 MR. KERR: Well, Doctor, many thanks. I think we  
13 have succeeded in covering my outline. I appreciate it.

14 [Whereupon, at 2:15 p.m., the deposition was  
15 concluded.]

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1 I have read the foregoing pages, which contain  
 2 a correct transcript of the answers made by me to the  
 3 questions therein recorded.

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RAY STEINER CLINE

- - -

Subscribed and worn to before me this \_\_\_\_\_ day  
 of \_\_\_\_\_, 1987.

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Notary public in and for:

My commission expires:

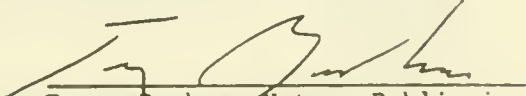
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## CERTIFICATE OF NOTARY REPORTER

I, Terry Barham, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing transcript was duly sworn by me; that the testimony of said witness was taken by me and thereafter reduced to typewriting by me or under my supervision; that said deposition transcript is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.



Terry Barham, Notary Public in  
and for the District of Columbia

My commission expires May 15, 1989.

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March 9, 1987

Dr. Ray S. Cline  
 1800 K Street, N.W.  
 Suite 1102  
 Washington D.C. 20006

Dear Ray,

This letter is to acknowledge our conversation during lunch on Tuesday, March 3, 1987.

I appreciate your willingness to proceed on behalf of GMT and to conduct the ongoing negotiations thru your corporation, "Clinexpo".

As you are aware, I have worked over two years in the effort of obtaining the essential torpedoes [REDACTED]. Prior to 1984, I spent considerable time during the three years on my radio show informing my listeners on the necessity of supporting our proven friend and ally, [REDACTED].

Due to the importance of this transaction, any media attention from GMT's earlier efforts to help Maj. General John K. Singlaub must be eliminated. Therefore, your corporation, and your personal attention in handling this negotiation would be in the best interest of all concerned.

The banking arrangements have been established thru an exceptional attorney, Mr. Laurent Levy, 23 Quai Des Bergues, 1211 Geneva, Switzerland, Telephone: [REDACTED]

Mr. Levy is French, married to an American and highly respected by the Swiss banking community.

The [REDACTED] attorney would work closely with Mr. Levy, Mr. Levy in turn would instruct the Swiss bank to begin this process, [REDACTED] must provide a letter to you clearly stating their desire to purchase, and the exact number of torpedoes desired.

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 under provisions of E.O. 12356  
 by K. Johnson, National Security Council

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GeoMIII Tech Consultants Corporation

1919 Pennsylvania Ave., N.W., Suite 300 / Wash., D.C. 20006 U.S.A., Telephone: (202) 887-0516 / Telex: 904278 GMT, Wash., D.C.

WASHINGTON  MIAMI  TEL AVIV  FRANKFURT  SEOUL

March 9, 1982 -  
Page Two

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The additional 30 million dollars will provide the necessary funds for the 3rd country, the four brokers involved, (each country has an agent), and the attorney in Switzerland.

After you receive the letter of intent, [REDACTED] will provide a contract clearly outlining the cost of the torpedoes, and all additional items. At that time, [REDACTED] will approve the contract. Two contracts must be approved. One from the 3rd country to [REDACTED] and a contract between the 3rd country and [REDACTED]. These legal details will be carefully concluded between the attorneys of all parties. Said meeting will take place in Geneva.

Upon the final approval of the contract, [REDACTED] would be required to establish an irrevocable Letter of Credit for the full amount of the purchase, therefore assuring the 3rd country that the funds are available, on demand, at the time that the torpedoes are ready to be shipped FOB [REDACTED].

Sincerely,

*Barbara F. Studley*

Barbara F. Studley  
President  
GeoMiliTech Consultants Corporation

BFScb

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24 NOV 86

# SIFT, Inc.

(Strategic Intelligence Future Trends)

**UNCLASSIFIED**

November 24, 1986

Lt. Gen. Robert L. Schweitzer, USA (Ret.)  
GNT  
1919 Pennsylvania Avenue, Suite 300  
Washington, D. C. 20006

Dear Sir:

For the record please treat this letter as an invoice to GNT for my professional services in the [redacted] project.

The trip we made to [redacted] called for a flat \$10,000 fee plus expenses which I understand you have already paid or will reimburse separately.

In addition my pre-trip preparations involved numerous briefings, readings, telephone calls, and meetings with principals involved. At a very minimal hourly billing account my calculation indicates the equivalent of two full work days expended for GNT, for which I request payment at \$1,000 per day or a total of \$2,000.

With much appreciation,

Cordially,

*Ray S. Cline*

Ray S. Cline

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DEPOSITION OF [REDACTED]

Wednesday, April 22, 1987

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House of Representatives,  
Select Committee to Investigate Covert Arms  
Transactions with Iran,  
Washington, D.C.

The select committee met, pursuant to call, at  
10:00 a.m., in Room EF-100, The Capitol, W. Neil Eggleston  
(Deputy Chief Counsel for the Committee) presiding.

Present: Senator Heflin; Charles Kerr, Counsel, Senate  
Select Committee <sup>on Secret Military Assistance to Iran and the</sup>  
~~to Investigate Covert Arms Transactions~~  
<sup>Nicaragua Opposition;</sup> ~~with Iran~~; Diane Dornan, <sup>Associate</sup> ~~Assistant~~ Staff, House Select Committee  
to Investigate Covert Arms Transactions with Iran; David  
Pearline, Legislative Liaison, CIA; E. Page Moffett, Office  
of General Counsel, CIA.

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1                   Whereupon, [REDACTED] after having been  
 2 first duly sworn, was called as a witness and testified  
 3 as follows:

## EXAMINATION

BY MR. EGGLESTON:

6           Q [REDACTED] just so the record is clear, I am  
 7 Neil Eggleston, Deputy Chief Counsel for the Select Committee  
 8 to Investigate Covert Arms Transactions with Iran. Represent-  
 9 ing the Senate is Chuck Kerr, who is an attorney with the  
 10 Senate Select Committee as well.

11           This deposition is being conducted pursuant to, at  
 12 least on the House side, H. Res. 12, which establishes the  
 13 Select Committee to Investigate various incidents, including  
 14 the activities of the U.S. Government and others involved in  
 15 the Iran affair, as well as the jurisdiction of the committee  
 16 extends to the Contra investigation as well.

17           So this deposition is being conducted on the House  
 18 side pursuant to that resolution and there is a  
 19 substantially similar Senate resolution.

20           MR. PEARLINE: Before we begin, I would like  
 21 to point out for the record that [REDACTED] is a CIA  
 22 employee [REDACTED] and that his name has heretofore not  
 23 been revealed publicly with respect to his involvement in  
 24 the CIA support to the NSC initiative.

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's name should

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not be publicly associated with the CIA and we trust ~~that~~

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that individuals at this deposition and those who read

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this deposition will honor this request.

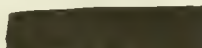
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MR. EGGLESTON: All right.

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BY MR. EGGLESTON:

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Q  let me begin just by asking you if

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you could, to give for us in a brief fashion your professional

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and educational background up until, say, the summer of

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1985.

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[REDACTED] and then became the Deputy Chief of NE Division until May -- April, I guess it was, April of 1986. And have been Chief of NE Division since then.

Q And your current position then is Chief of the NE Division?

A That is correct.

Q NE stands for Near East?

A That is correct, in the DDO.

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Q I would have thought it would be. And so then from July of 1985 until April of 1986, you were involved as Deputy Chief of the North East Division and then until present, Chief of the North East Division?

A Yes.

Q Could you explain your duties first as deputy chief [REDACTED] and then your duties as Chief of the North East Division?

A [REDACTED]

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Q So that I understand, so one of the things that you did during the period of time that you were deputy is that you read most of the cable traffic involved in the NE Division?

A I would say almost all of the -- the purpose was to read all of the important operational cables.

A Did anybody screen it for you?

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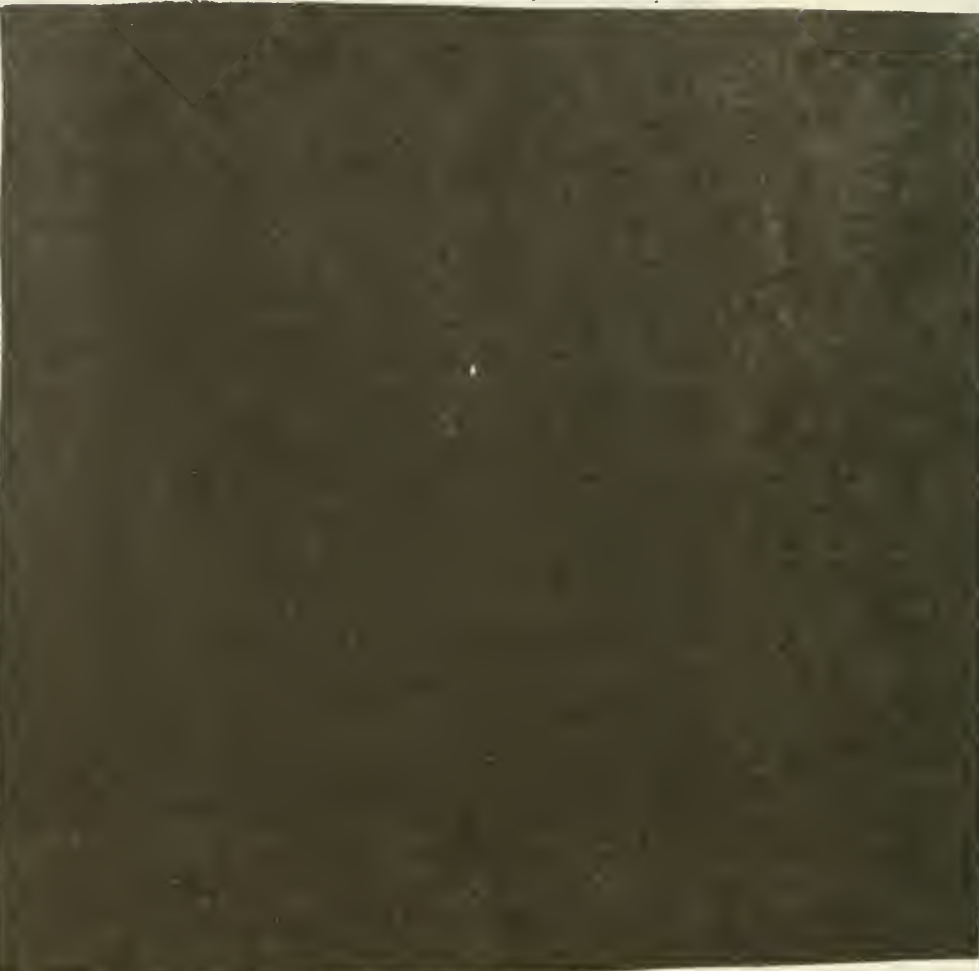
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A Yes.



So there was a sort of 20, 30 percent of the traffic that I wouldn't have seen.



Q Let me sort of get to that. I just have a few more questions about this administrative type duties before getting to specific facts. I take it that there were also regular meetings of the senior staff of the CIA, that

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1 there must have been regular meetings with the director and  
2 the senior staff, is that correct?

3 A Yes.

4 Q Do they happen on a regular basis?

5 A I am not sure I am the right person to ask that.

6 Q Let me ask you, how often as chief of the  
7 NE Division would you or did you meet with the director?

8 A Only when called to meet him or there was a  
9 problem that we would take up to the DDO that he would want  
10 taken on up to the director.

11 He then might or might not take me along.

12 Q So you were not part of a regular staff meeting  
13 that would have been conducted?

14 A No, the only regular staff meeting I attend at  
15 a higher level as the chief of the division would be a weekly  
16 staff meeting with the DDO, and as the deputy I would  
17 attend that only when [REDACTED] were absent.

18 Q Let me get -- I guess I will ask the  
19 question in this fashion -- is there any record kept of  
20 staff meetings or is there a note taker of minutes with  
21 the DDO that you just described?

22 A No.

23 Q Did you indicate when the staff meetings took  
24 place?

25 A Once a week.

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Q And is it a regular time?

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A Well, it changes from time to time.

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Q Let me start when maybe most people start at least,

9

I would like to start in or about the summer of 1985. During

10

the summer of 1985, and I have gotten this from a number of

11

witnesses so I don't want a lot of detail from you, but could

12

you generally describe to me your own personal knowledge of

13

Mr. Ghorbanifar, his relationship with the agency and his

14

then status with the agency.

15

Was he someone who was known to you by name at

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that time?

17

A I am not sure that he was at that time, although the

18

agency and NE Division had had a fair amount of experience

19

with him. I would have known of him because of the 1984

20

experience with him in which he provided allegedly sensational

21

information that there was a terrorist team out to assassi-

22

nate ranking officials of the U.S. Government, and I was in

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NE Division during that time and recall that we did do a

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polygraph of him and found that he was showing <sup>deception</sup> ~~disception~~ on

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all principal questions. So he was well and unfavorably

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known to us by the summer of 1985.

Q So by the summer of 1985 you were aware of him---

A We had a pretty sensitive file on him by that time, which you have at your disposal.

Q As I refer you to documents so the record is clear, I will refer to the CIIN number which is at the bottom of the documents. This is CIIN -- this is No. 511. Let me show you that and ask you, is that document familiar to you?

A This is the 1984 fabricator notice which was disseminated to several other government agencies after we and the Secret Service had gone through this -- that episode with Ghorbanifar. This was originally written in NE Division.

Q Do you know who was the officer, official responsible for the decision to issue a fabricator notice on Mr. G<sup>h</sup>orbanifar?

A That would have been taken principally in NE Division, that decision, possibly consulting with the DDO. There was a great deal of consternation about that case because it did involve an awful lot of time by us and the Secret Service in tracking down whether or not that could be true in part, if not in whole.

We have to take all such things very carefully and

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seriously. So there was a -- there would not have been, having had the polygraph come out as badly as it did, there would not have been much argument that such a fabricator notice should be issued.

Q Let me ask you so that I am clear, do you recall whether you were personally involved in the decision to issue the fabricator notice to make the determination that Mr. Gorbanifar should have a fabricator notice issued on him?

A I do not recall that.

Q Is that something that you as deputy chief would probably have been involved in?

A It should have come across my desk, should have been something that I read and signed off on. It would have been approved by the chief of the division, and all paper coming to the chief of the division has to come through me first.

Q Let me ask you as well -- there must have been a lot of people who provide information to the agency whose information turns out to be incorrect, and as to most---

A There certainly are [REDACTED]

Q That is what I assumed.

Could you just describe for me what it takes before the agency makes a decision that whatever the person has done is sufficiently serious that a fabricator notice should

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1 be sent out on that person, and that question is a little  
2 out of order -- how many of those are sent out on various  
3 people during the course of, say, a year? Is this a fairly  
4 routine document; is this the only one in the 1980s that  
5 was ever sent out by the agency?

6 A I would estimate that NE Division sends out

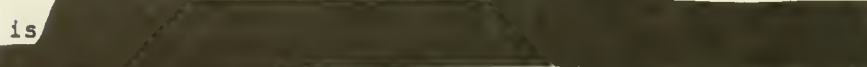
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10 And in our  
11 experience, people like this would have elaborate stories,  
12 some of which is based on some true facts which are checkable  
13 but may not have anything to do with terrorism, it takes  
14 an awful lot of time to check these out.

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Q So what I get from what you are saying is that the decision to issue one of these is not a routine matter, there are certain sort of factors or qualifications that must be present before a decision would be made to issue this kind of a document?

A The most important factor is <sup>whether</sup> ~~whether~~ somebody is  then we issue a fabricator notice.

Q Let me ask you about some events which took place in the fall of 1985, just to obtain your level of knowledge of things that were happening. I understand you were not principally involved until 1986, but on or about September -- let me ask this first -- on or about August 30th, and then again on September 12, 1985, there were shipments of TOW

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1 missiles from Israel to Iran, 500 in late August and an  
2 additional 500 <sup>on</sup> September 12th, I don't remember the  
3 exact date. Were you aware at the time that they were  
4 taking place of those shipments? I don't mean aware through  
5 official sources. What I really mean is were you aware  
6 through intelligence or any other kind of information that  
7 they were taking place?

8 If that was too complicated a question, I will  
9 break it out.

10 A That is all right. I am looking dumb because  
11 you are giving me some figures that I have never heard before.  
12 I know a lot more about this now than I did then. The  
13 September flight is the one---

14 Q . I am sorry, I gave the wrong figures actually.

15 There were 100 in August and 408 in September. I gave  
16 you the wrong figures. No wonder you are looking at me  
17 strangely.

18 Were you aware of those two flights delivering  
19 those?

20 A I am still not aware of the August flight.  
21 I didn't realize that that was a split shipment. I thought  
22 that all took place in the September flight. We heard whiffs  
23 of the September flight from overt press reports that were  
24 coming out of [REDACTED] and we have provided you with  
25 some cables on what we did know in the succeeding weeks and  
two months.

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1                   And there was one hint that maybe there was  
2 something involving the NSC, a cable coming out [REDACTED]  
3 [REDACTED]. The only other thing I can tell you  
4 about that period was that it wasn't the first time that we  
5 had had a sense that the Israelis might be involved in  
6 providing arms to Iran. [REDACTED]

7 [REDACTED]  
8 [REDACTED] so there had been a pattern of  
9 the Israelis were maybe doing something.

10                   Q     This was a pattern though that resulted in release  
11 of a hostage?

12                   A     The September one, yes.

13                   Q     Did your intelligence information connect the  
14 events of the release of the hostage with the delivery of the  
15 weapons?

16                   A     It didn't in NE Division. I have recently seen  
17 [REDACTED] which make it very clear to me that that  
18 was known in the building. But NE Division did not  
19 see [REDACTED]

20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]  
23 [REDACTED]  
24 [REDACTED]  
25 [REDACTED]

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Q And did -- you did not have any awareness of [redacted] contemporaneous with the events, is that correct?

A That is correct. [redacted]



Q Do you know the reason that you did not see [redacted] in September of 1985?

A Well, as I have said before, there are a lot of things that I am a lot smarter on now than I was then. I am told that [redacted] came [redacted] to Charlie Allen [redacted] and that he shared them with the director.

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1 [REDACTED]  
2 [REDACTED]  
3 Now the question I cannot answer, your next  
4 question is, I don't know who else the director might  
5 have shared [REDACTED] with.

6 Q You are exactly right, that was going to be my  
7 next question, who else had seen them.

8 Was it unusual [REDACTED] not be shown  
9 to the NE Division?

10 A Yes, that is highly unusual. It is not unheard of  
11 in the agency for something to be very highly compartmented,  
12 even though it might involve the area division. Even  
13 though it might be taking place in an area that an area  
14 division was responsible for. And I would say that had been  
15 particularly true if it was essentially a White House  
16 operation.

17 Q Were you aware that Colonel North had asked  
18 Mr. Allen [REDACTED] in  
19 mid September of 1985, were you aware of that at or  
20 about the time it took place?

21 A No.

22 Q Had you met Colonel North as of September 1985?

23 A Yes. I had probably seen him at two or maybe  
24 three meetings by that time.

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1           Q     Did any of those involve -- any of those meetings  
2 involve efforts to get the hostages released?

3           A     Probably, because we did by that time have  
4 American hostages. Colonel North was involved in hostages --

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Q Let me ask you about the way your filing system is maintained. Is it fair to say or would I be accurate in saying that there is a general computer capability at the agency that maintains various name indices, an ability by the agency to check individuals by name? Is that a fair statement?

A Yes.

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BY MR. EGGLESTON:

Q Do you know whether Mr. Ghorbanifar is in the DI system?

A No, I do not. I would be a little surprised if he were, but -- I could find that out for you.

A Actually I guess that would be hopeful. I guess I would be surprised if he were, too.

Could Mr. Allen in October of 1985, could he have the ~~DI~~ system searched to determine whether or not an individual is reflected?

A It would be difficult for him to do without it coming to any division attention.

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[REDACTED]

Q Do you know whether Mr. Ghorbanifar's alias of Nicholas Kralis, do you know whether that is in the computer?

A No.

Q How about his name Ashgari, do you know whether he is in the computer under the name Ashgari?

A I can check that if you like. Both of those names should be in.

Q Was -- you would suspect that they would have been in as of October of 1985?

A Well, if you tell me Kralis was in the 1984 burn notice, then that should have been. The burn notice is the same as a fabricator notice.

Q Was the name [REDACTED] familiar to you? Did you know [REDACTED] as of October of 1985?

I know these are hard questions to ask what you know at a time a year ago?

A Yes, I sometimes have to sort out what I knew then and what I know now. I don't believe -- yes, the first time I heard that name as I recall, was when [REDACTED]

[REDACTED]

I took those over to Colonel North.

And Colonel North told me the true last names of the two people Kralis and Ashgari, I think it was, meaning

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1 Ghorbanifar and [REDACTED] That, as I recall, was the first  
2 time I had heard [REDACTED] name, and I am sure of that  
3 because I had a name trace done when I came back to the  
4 building.  
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Q Did you have any conversations with Colonel North at the time as opposed to conversations that might have taken place with Mr. George earlier, that you may or may not have been aware of, did you have conversations with Colonel North at the time about the reason that he was interested in these individuals?

A No. My instinct on something like this would be to respect his compartmentation, and I would ask him -- I would ask him no questions other than what else he -- what other support he might need, but I would let him volunteer what he wished to volunteer.

Q You had indicated then that after this conversation with Colonel North you returned to the building and ran a name check?

A That is my recollection.

Q Did the name Ghorbanifar, as of the time that Colonel North mentioned it to you at your meeting with him,

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Ghorbanifar, did you talk to Colonel North about Ghorbanifar?

3

Did you alert him of the prior experience that the agency

4

had had with that name?

5

A I don't remember having done so.

6

Q [REDACTED]

7

8

[REDACTED] were there any discussions with anyone at the

9

agency about the reason Colonel North might have been involved

10

with Ghorbanifar. [REDACTED]

11

12

13

A Not that I remember. And I am fuzzy on that.

14

It is possible, but I don't remember.

15

Q Let me show you what has been marked<sup>K</sup> as CIIN 1034,

16

if you could read that and tell me if you have seen this

17

before:

18

Had you seen this prior to now, if you recall?

19

A I have read his 201 file. And I suspect that

20

this is out of his 201 file. I don't remember it, but I

21

would imagine I have read it before -- I am sure I have

22

read it before. And it says that this approach in July of

23

1985 was connecting [REDACTED] who was described as the

24

[REDACTED] -- so contrary to what I have

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said in the last five minutes, we should have had hit that

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1 he was at least described by -- presumably by Ghorbanifar  
2 as that. That, in fact, is not his real title, but is a  
3 typical Ghorbanifar exaggeration.

4 Q This, and there are three of these total -- let  
5 me show you this one as well, 1033---

6 A All right.

7 Q First who is it to, and who is it from?

8 A I don't know.

9 Q Do you know who Arnie is; or Peter?

10 A No, I don't.

11 Q This would appear to relate -- I think that is  
12 dated the 12th of February?

13 A Is this a CIA document?

14 Q Yes, I presume it is. At least we got it from  
15 them. I think they are all out of the 201 file. Here is  
16 the third of the series, which you had not seen, 1032, for  
17 the record.

18 A I can't put a name to either Arnie or Peter in  
19 NE Division.

20 Q Let me start with number 1034. Who is this cable  
21 to and who is it from, if you can tell me?

22 A Yes, I can. This is to [REDACTED] and it  
23 (si) from NE Division.

24 Q Why don't you go to 1032, which is the other  
25 cable? Do you know who that is to and who that is from?

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1 A Well, that references the cable which we are calling  
2 1034, so this is the reply to the first cable. It is a  
3 reply from [REDACTED] to headquarters. So it would have  
4 come to NE Division.

5 Q You have no recollection of seeing these cables  
6 in the summer of 1985?

7 A No, but I am sure I did at the time, unless I  
8 was out at that moment, you know, on a trip or something.  
9 I should have seen these.

10 Q It strikes me at least that these would have been  
11 the kinds of cables that would ring bells everywhere.

12 A These would come to front office attention.  
13 The outgoing is authenticated, means signed off on by somebody  
14 in the front office.

15 Q Just so that I am clear, who do you mean by someone  
16 in the front office?

17 A Either [REDACTED] or myself. And usually, but  
18 not always, both of us.

19 Q These cables together with, I guess it is 1033---

20 A Yes.

21 Q Seem to indicate that as of the summer of 1985,  
22 the agency was pretty aware that there had been a contact  
23 involving Mr. Ghorbanifar, who I think is identified a few  
24 places here -- I think they have got his moniker?

25 A There is no question you can tell from the cables

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1 that we figured out that the Manachar had to be, even though  
2 he is describing himself as ranking Iranian intelligence  
3 officer, had to be an arms merchant, drug dealer [REDACTED]  
4 [REDACTED] Ghorbanifar.

5 Q Do you have any recollection that there was any  
6 follow up to any of these? These are the only cables at  
7 least that I have seen on this sort of around this time, and  
8 then thereafter NE Division appears to have not have been  
9 involved.

10 Do you recall whether there was any follow up  
11 to these activities?

12 A Well, 1033 helps me a little more than the other  
13 two cables do on it, because that refers to me by, or  
14 [REDACTED] and gives more hint of where this is coming from.  
15 It starts off with update on Hashami's escapade, and I  
16 don't have the full memory on that, but Hashami -- there  
17 was a Hashami something that came to us through the  
18 director as I recall.

19 And it involved a previous contact, I think, with  
20 [REDACTED] And what we -- and I am basing this, not on memory,  
21 but on the three documents in front of me -- what we would  
22 have seen here was yet another attempt by Ghorbanifar to foist  
23 one of his complicated fabricator operations on us. And our  
24 bias against Mr. Ghorbanifar is such that the reason you  
25 won't see a follow up is that we would have done our best

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1 to not have anything to do with this.

2 MR. KERR: Let me ask a couple of questions. I  
3 am referring to a document that has not been produced to us  
4 by the CIA, but was produced to the Tower Commission.  
5 It is a memorandum from Director Casey to the Chief NE,  
6 dated, June 17, 1985, reporting that on June 17 Mr. Casey  
7 heard from John Shaheen, who was at that point dying of  
8 cancer, that a Dr. Cyrus Hashemi is under indictment for  
9 attempting to Iran, claimed to have discussed with the Iranian  
10 Foreign Minister an exchange of hostages for the release of  
11 the Da-Wa prisoners in Kuwait, TOW missiles, and the nolle  
12 prosequi for Hashemi.

13 When I <sup>piece</sup> ~~piece~~ together what happened here, we have  
14 that document, these three documents, and my hunch would be  
15 there have to be a few more. You have no recall of any  
16 directions from the director to look into this matter?

17 THE WITNESS: Yes, I do. Let me see that --  
18 once you say Cyrus Hashemi<sup>e</sup> and the nolle prosequi is what  
19 would drive that, because Hashemi through his lawyers was  
20 indeed trying to figure out a way to involve us with him  
21 in a deal that would get him -- would enable him to come  
22 back to the U.S. Government. He would do something for  
23 the U.S. Government which would provide him with nolle  
24 prosequi. And that should be in a Cyrus Hashemi file, which  
25 I would think you might have

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MR. EGGLESTON: I don't think we have it yet.

MR. PEARLINE: I thought it was sent to the Senate Select Committee earlier, the Intelligence Oversight Committee in December?

THE WITNESS: I do not recall, that that had to do with Ghorbanifar, but clearly it did, and we got this Ghorbanifar opportunity, if you want to call it that, through Cyrus Hashemi. I can tell you that -- and we should make sure that you have that file, because it is obviously pertinent -- if you don't have it, we will provide it to you. I can tell you that we decided, and I was personally involved with Mr. Casey on this one -- we decided that we would do nothing to work with Cyrus Hashemi that would enable him to get a nolle prosequi under CIA <sup>auspices</sup> ~~auspicious~~.

MR. KERR: That is fine, but apparently you also were being told at that time of a potential opportunity to free the American hostages through Ghorbanifar and [REDACTED] and that apparently came by way of the Hashemi contact.

Who in the Near East Division had responsibility for dealing with this matter, what human being that we can talk to?

THE WITNESS: Well, I think you need to talk to both me and to [REDACTED] and I think I would imagine that we were the two people who were involved. And our interest

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1 was in deciding essentially risks versus gains. Here  
2 you have a fabricator once again coming up, this time he is  
3 coming through Cyrus Hash<sup>e</sup>mi, with whom we have also had  
4 bad experiences.

5 Mr. Shaheen, the late Mr. Shaheen, was urging the  
6 director on, saying this was a good opportunity through  
7 Hash<sup>e</sup>mi, and I think you will find from the Hash<sup>e</sup>mi file that  
8 NE Division was stiff-arming this.

9 MR. KERR: Let me throw out some things that  
10 cause me to think there has to be more in the file than what  
11 we have heard.

12 We know in June or July Mr. McFarlane met with  
13 Mr. Kimche about Mr. Ghorbanifar. We know during this period  
14 of time that Mr. Shaheen's good friend and an acquaint<sup>N</sup>ance  
15 Roy Furmark is Hash<sup>e</sup>mi's partner, in June or July of 1985.  
16 It is conceivable you don't have anything in your files revealing  
17 a state of knowledge that the NE Division has, but it is hard  
18 for me to think that you got this kind of a call from Casey  
19 and told him you were going to close the door on him.

20 Casey doesn't strike me / Casey would be that easily  
21 put off, so what did you know in June or July of 1985 about  
22 these characters who have come back to haunt us for the next  
23 two years?

24 THE WITNESS: I think what you have done and you  
25 really should read the file -- there is a file --

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MR. KERR: I hope I will get a file not blacked out so I can't read it.

THE WITNESS: We drew through that, and I think that will spell it out for you pretty clearly. We did indeed talk Mr. Casey into not following up on this possibility for legal reasons of Mr. Hashemi's problems with the U.S. Government.

MR. KERR: It is your testimony that in June or July you had no knowledge that the same sorts of contacts by Mr. Ghorbanifar [REDACTED] and all, were being made at the White House?

THE WITNESS: No, I didn't.

MR. KERR: The [REDACTED] is it the [REDACTED]

THE WITNESS: No, that is the [REDACTED]

It is a cable [REDACTED]

MR. KERR: Did you know at the time of contact with [REDACTED] on these characters and what they had in mind in June or July of 1985?

THE WITNESS: We did not. I think what you got is doing as usual, you see, you have got what is typical for a man of his background -- you have him going to

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1 several different people saying I can do something.

2 One of those he is going to is Cyrus Hash<sup>e</sup>mi,  
3 who has got himself a big legal problem with the U.S. Governmen  
4 so he says, here is a ball I can run with for my own purposes.  
5 At the same time, unknown to me at the time, he is using --  
6 did you say---

7 MR. KERR: Ledeen, McFarlane and others---

8 THE WITNESS: Ledeen to McFarlane, <sup>at</sup> ~~and~~ one  
9 approach<sup>ed</sup> the Hash<sup>e</sup>mi one, you would find was stiff-armed  
10 by CIA, and the other one was not stiff-armed by McFarlane.

11 MR. KERR: You did tell Mr. Casey what you knew  
12 about Mr. Ghorbanifar and the Near East Division's desire not  
13 to be involved with Ghorbanifar in June and July of 1985, I  
14 take it, is that correct?

15 THE WITNESS: My recollection is the principal  
16 consideration of that was don't get involved again with  
17 Cyrus Hash<sup>e</sup>mi and his legal problem with the Department of  
18 Justice. The second part of that certainly would have been  
19 it appears that this all has to do with Cyrus and something  
20 that Ghorbanifar is recommending, and if that is true,  
21 and we would be attempting to verify that by asking the cable  
22 directly [REDACTED] and having them go [REDACTED] that  
23 that is all the more reason Mr. Casey, not to touch this one.  
24 [REDACTED]  
25 [REDACTED]

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MR. KERR: [REDACTED] 5 November,

you talk to Colonel North, you identify one as [REDACTED]  
and the other as Ghorbanifar, and you didn't pursue in the  
agency what these folks were doing with Colonel North at  
that point?

THE WITNESS: We pursue what Colonel North is  
doing? .

MR. KERR: Yes, to find out what Ghorbanifar  
was doing?

THE WITNESS: I am sorry, but you are asking me  
why I am not investigating Colonel North.

MR. KERR: I think that probably is a fair  
characterization, yes, sir.

THE WITNESS: And I will tell you that that is  
not my job to investigate Colonel North.

MR. KERR: I am sorry.

end jm #1  
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1 BY MR. EGGLESTON:

2 Q Before I get off this topic, let me ask it in  
3 a slightly different way. The question is not whether or  
4 not you were investigating Colonel North; the question is  
5 whether or not, seeing that Colonel North was involved  
6 with these same two people, whether that led you to inquire  
7 into whether or not Colonel North had pursued the initia-  
8 tive that you had rejected in the summer of 1985? Did  
9 this lead you to go back to Casey and say, Did this go  
10 on through another channel, because you knew Ghorbanifar  
11 was the kind of guy that would go to different sources,  
12 different ways to get the information.

13 That is the question Mr. Kerr is asking, not  
14 did you conduct an investigation of Colonel North. Did  
15 that cause you to go to Casey saying, Are these guys  
16 duping Colonel North and NSC. I think that is the question  
17 he is asking.

18 Do you recall doing anything after finding out  
19 that now you have [REDACTED] requested by North of the  
20 same two guys that you had this run-around with in the  
21 summer of 1985?

22 A I think in retrospect, it is pretty easy to  
23 put these pieces together. You take this piece here and  
24 that piece there and obviously you see the whole thing.

25 I can tell you that the September flight, and

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1 you have got some cables on that, which involved the  
2 Israelis, and the Ghorbanifar's something, something offered  
3 up -- we didn't put together until December. Although if  
4 we tried and we had taken all these pieces and put them  
5 together, it was there. [REDACTED]

6 [REDACTED] it was very clear that  
7 Ghorbanifar is running this thing and that he is the  
8 mechanism that the NSC is using, and even obviously the  
9 Israelis are playing a role, because there is a plane  
10 that went that has something to do with Israel when it  
11 comes back.

12 It again has to do, I think, with our attitude  
13 toward compartmentation, that we will not -- we operations  
14 officers will not investigate an NSC sensitive operation.  
15 Whatever wish that we had that there might be one, we  
16 are not going to actively go out and snoop on them. We  
17 have got a lot of other things to do.

18 BY MR. KERR:

19 Q What prevents you from asking Colonel North,  
20 Did you know these folks in June or July went through the  
21 same drill with us. Why didn't you just ask him? That  
22 is not in the protocol?

23 A When I had my discussion with him, he gave me  
24 that name and as I have said, I didn't respond to him.  
25 The name did not -- Ghorbanifar did not mean anything

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to me.

Q Had you received any instruction at this point from Mr. Casey not to look into these matters?

A No, I did not.

BY MR. EGGLESTON:



A Well, I guess you would have to ask Charlie

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1     Allen that since he was directing that program. And, as  
 2     you know from other testimony, he was being directed by  
 3     Colonel North not to discuss this with anybody in the  
 4     DDO, and he did not, to my knowledge.

5     [REDACTED]  
 6     [REDACTED] there came a point when I began [REDACTED]

7     I think that was in January, after the DDO became involved  
 8     with the NSC.

9     Q     You do not think that you were aware [REDACTED]

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A     I could tell you that if I saw them. I have  
 no recollection of them and strongly suspect in the  
 context, since the DDO was not to be involved in this,  
 that I did not see them.

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Q     I have not read them myself, but I have talked  
 to people that read them [REDACTED]

[REDACTED] and that is something  
 that would have stuck in your head. Is that --

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A     I would think so.

Q     Were you -- when is the first time that you  
 were actually consulted about Mr. Ghorbanifar in the

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1 fall of 1985?

2 There comes a time in December of 1985 when you  
3 are asked to do something with regard to him; is that  
4 right?

5 MR. KERR: [REDACTED]

6 BY MR. EGGLESTON:

7 Q [REDACTED] I thought there  
8 came a time in early December when the division was asked  
9 to do a name check or run a tracer on him. Is that  
10 right?

11 A I think you are right. My scenario says that  
12 on 3 December, Michael Ledeen informed Charlie Allen  
13 that the true name of Ledeen's Iranian contact was  
14 Ghorbanifar.

15 Q That was not a conversation in which you  
16 participated, I take it.

17 A No. On 7 December, NE Division provided to  
18 Mr. McMahon, the DDCI, full traces on Ghorbanifar,  
19 pointing out that he was unfavorably known to the DDO and  
20 had been a subject of a fabricator notice in August,  
21 1984.

22 Q Were you personally involved in that?

23 A No.

24 Q Did you know that that was taking place?

25 A I have a dim recollection of it, yes.

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1 Q Do you know if you knew the reason that the --  
2 that Mr. McMahon had asked for a trace on Mr. Ghorbanifar?

3 A No, I don't remember.

4 Q There was a -- you know -- there was a flight  
5 which took place in November of 1985, were you aware  
6 that that flight was taking place as of the time that it  
7 was taking place?

8 A No.

9 Q There was then, as you now are aware of, a  
10 flurry of activity in the Agency after the flight took  
11 place involving Ed Juchniewicz, Mr. McMahon, I think the  
12 Office of General Counsel became heavily involved.

13 Were you aware that any of that was taking  
14 place?

15 A I was aware within a few days after that flight  
16 that Mr. McMahon had hit the overhead and was angry about  
17 our involvement in the flight, and was insisting that a  
18 new Finding be made.

19 Q Did you know that the flight that you are talking  
20 about involved a flight into Iran?

21 A Yes, I think that word did come to [REDACTED]  
22 and then to me.

23 Q Did you know at that time that it involved  
24 Mr. Ghorbanifar?

25 A No.

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1 Q Obviously not the flight, but that the initiative  
2 involved Mr. Ghorbanifar?

3 A Well, there comes a point and I don't know when  
4 that is, when we had to have put that together. The  
5 extent to which it was a Ghorbanifar operation became  
6 very clear to us when he explained to [REDACTED] later  
7 on in December, and that sort of spelled it out for us  
8 in a lot more detail, for the first time to NE Division.  
9 We had not been receiving that from the NSC.

10 Q What was your understanding of the reason that  
11 McMahon had hit the overhead? What was your understanding  
12 at the time?

13 A My understanding is that -- that is an expres-  
14 sion meaning that McMahon was exceedingly upset, and he  
15 was obviously upset about the Agency's involvement in  
16 that flight.

17 I don't recall how much more detail NE Division  
18 got about that flight, and when we got it, because we  
19 weren't in at all on the question of should the flight  
20 go or where should it go. And so -- you know, there  
21 would have been discussion of it upstairs probably with  
22 [REDACTED] but I don't remember how much detail he got.

23 Q Do you recall a particular meeting that he  
24 attended?

25 A No, I don't.

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1 Q Did he -- I take it you didn't attend any  
2 meetings --

3 A I did not.

4 Q -- with senior members of the Agency about this  
5 issue.

6 Do you recall talking about the issue with  
7 [REDACTED] about what had happened and what the problem  
8 was?

9 It seems to me that you are now in a position  
10 where someone has made a flight to a country that you  
11 consider generally within your area. Not only has that  
12 occurred, but it has also caused the DDCI to hit the over-  
13 head and if I were in your position, I think you would  
14 find out what had gone on. Why did someone in my area  
15 screw up; what is someone doing messing around in my  
16 country without me knowing about it?

17 Did you conduct -- when I say an investigation,  
18 I don't mean in a technical sense, but did you do anything  
19 to determine what had gone on?

20 A Well, obviously that flight request came from  
21 Colonel North, and we must have learned that pretty  
22 quickly. But the -- and then, you see, we are into what  
23 he had just done a few weeks previously. I had been  
24 talking to him about Ghorbanifar. There has to come a  
25 point fairly early after that flight when that plus name

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1 trace, plus flight puts this all together in our minds,  
2 but I don't know what that was. And then, you see, once  
3 the Finding starts getting talked about, it becomes a  
4 Finding for the Agency to support the NSC operation.

5 So by early December, we are beginning to look  
6 at a possibility that somebody in the Agency, probably  
7 NE Division, would be supporting the NSC in some way in  
8 whatever this thing was that they were doing.

9 I recall no preliminary discussions about what  
10 form that would take, and I was not involved in the  
11 question, nor, to my knowledge, was [REDACTED] involved  
12 in the question of what form should that Finding take.  
13 This was something <sup>that</sup> is going on up there on the 7th floor,  
14 it is obviously political and legal, and to some  
15 extent operational, and they are working something with  
16 the NSC, and when they get that put together, they will  
17 let us know.

18 Q But you don't have any recollection of [REDACTED]  
19 [REDACTED] attending a meeting related to this general issue  
20 in early December?

21 A I don't.

22 Q It is from the cable traffic that we have  
23 read that involves this particular time period, late  
24 November through early December it is apparent that there  
25 is at least a contemplation for four or five additional

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1 flights into Iran, each carrying a planeload of Hawk  
2 missiles.

3 Did you know that there was planning under  
4 way on behalf of the Agency to provide additional flights  
5 of weapons into Iran? By that time, I think they know  
6 pretty definitely --

7 A Could I see those cables?

8 Q I have some of them. I am not even sure I  
9 have some of them.

10 A Well, the reason I ask is that if those are  
11 NE Division cables --

12 Q They are generally cables sent and received  
13 not by the NE Division but by Dewey Clarridge.

14 A No, we didn't see the Dewey Clarridge cables.

15 Q There is a --

16 A I just need one that is a director cable. If  
17 you look down at the bottom of the director cable, you  
18 will see that the originator, authenticator and releas<sup>e</sup>r  
19 is Dewey Clarridge.

20 That means Dewey Clarridge did no coordination  
21 whatsoever.

22 Q So if there were plans for additional flights  
23 going in, you were not aware of them?

24 A I was not aware of Dewey Clarridge's series  
25 of messages.

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1 Q Dewey Clarridge at that time was chief of the  
2 European Division?

3 A That is correct.

4 Q Did you ever see the mini-Finding, the draft  
5 form?

6 A I saw a Finding, the Finding signed by the  
7 President on 18 January. I did not see any prior drafts  
8 or any Findings -- in fact, we didn't know that there were  
9 a series of drafts until well into these investigations.

10 Q Let me take you -- let me tell you what my  
11 plan would be, to take you fairly quickly through what  
12 you probably thought was the beginning of your involve-  
13 ment in this, take a break for lunch and come back and  
14 finish up in the afternoon, if that is okay. So I will  
15 take us probably up through the Finding and the signing  
16 of the Finding, but pick up with your meeting on the  
17 18th after we get back from lunch, if that is all right.

18 A Okay.

19 Q Do you have any further involvement with the  
20 Ghorbanifar issue or this general issue between the time  
21 that you respond to this request for information about  
22 Ghorbanifar around December 7th and December 20th when  
23 the NE Division receives the instruction to conduct an  
24 interview of Ghorbanifar -- did you have any involvement  
25 in this between those two times?

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1           A     No.

2           Q     Did you have any knowledge about -- let me ask  
3 this. Did you know that the reason that you were being  
4 asked to provide information about Ghorbanifar is that  
5 there was an upcoming meeting at which Ghorbanifar would  
6 be discussed, a fairly high-level meeting involving senior  
7 United States Government officials?

8           A     I think we did know that McMahon was going to  
9 take that information over to the White House, as I  
10 recall.

11          Q     Did you know he was going to meet with the  
12 President?

13          A     No.

14          Q     Was Casey out of town? Is that your recollec-  
15 tion? Why is it McMahon and not Casey?

16          A     Well, they often went together, and this may  
17 have been an occasion when they went together. I don't  
18 know. Certainly Mr. McMahon would.

19          Q     Did anyone tell you the results of that  
20 meeting -- when I say "that meeting," you had indicated  
21 that you knew he was taking it to a meeting at the White  
22 House. Did anyone tell you the result of that meeting?

23          A     It is possible they did. I don't recall it.  
24 It is fairly shortly after that -- the problem I am  
25 having is the name traces asked for on the 7th, I don't

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1 know when the meeting is that you are referring to. But  
2 by 20 or 22 December --

3 Q You are back --

4 A We are being instructed to. That came down  
5 from the 7th floor from -- Casey was involved in that  
6 and that word that we were going to send somebody out  
7 to have a chat with Ledeen and Ghorbanifar was greeted  
8 by NE Division with more than a little consternation.

9 Q Let me just -- I am going to get to that in  
10 one second.

11 Actually, there was a meeting on the 7th that  
12 McMahon attended that was at the White House. The following  
13 day Mr. McFarlane, maybe it was that evening, Mr. McFarlane  
14 left to meet with Mr. Ghorbanifar in London.

15 Were you aware of that?

16 A No.

17 Q When he returned, there was an additional  
18 meeting at which Casey was present, immediately after  
19 he returned, I think it was the 10th of December.

20 Were you aware that Mr. Casey was then meeting  
21 at the White House in order to discuss this issue again?

22 A I may have been at the time. I don't recall  
23 it.

24 Q By 10 December, had anyone other than this  
25 name trace, had anyone consulted with you about your

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1 opinion of Mr. Ghorbanifar?

2 When I say "anyone," I mean Mr. Casey or Mr.  
3 McMahon or Mr. George.

4 A Well, the trace went up on the 7th of December  
5 and that would have given us occasion to give the NE's  
6 sizable bias on it.

7 Q Do you know whether there was any word briefing  
8 of McMahon about Ghorbanifar as opposed to merely providing  
9 you with documents?

10 A I don't recall for sure, but I suspect, and  
11 this is very fuzzy, I suspect both Clair George and [REDACTED]  
12 [REDACTED] met with him on it. And little more than a guess,  
13 but I vaguely recall that.

14 Q You don't have any doubt that if asked about  
15 Ghorbanifar, that [REDACTED] and Clair George would have  
16 told Casey that he was not someone that the Agency should  
17 be dealing with?

18 A A very firmly held view. Now, you know there is  
19 a point there where despite knowing that, you also have  
20 the political problem of the President, possibly Bud  
21 McFarlane and the NSC wanting to do it despite that  
22 information, and there clearly was a bridge that was  
23 crossed on this, that we were going to do something, try  
24 this mechanism out despite DDO's restraints.

25 Q On the 20th, on or about the 20th, when the

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1 assignment comes, or the direction comes to interview  
2 Mr. Ghorbanifar, I take it that comes to [REDACTED] who then  
3 gives it to [REDACTED]

4 A That is my recollection.

5 Q Were you consulted about who it was who should  
6 actually conduct the interview, or would that have been  
7 something you would be concerned about?

8 A [REDACTED] was the [REDACTED] chief at that  
9 point, and he would have been the logical person.

10 Q Do you know who -- did you speak to [REDACTED]  
11 prior to the time that he went out to interview Mr.  
12 Ghorbanifar -- I think that interview takes place in the  
13 evening of December 22nd.

14 A [REDACTED] would have handled that.

15 Q You don't have any recollection of talking  
16 to him yourself? Well, when I say "talking to him," I  
17 mean talking to him about his interview.

18 A I was present when this was discussed on a  
19 couple of occasions and I don't recall whether I was  
20 present with the instructions before he went to the  
21 meeting. I know I was present when he reported back.

22 Q I am interested in knowing what [REDACTED]  
23 from your point of view, what his assignment was. What  
24 was the point of his interview? What was it that he was  
25 supposed to be doing?

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1           A     I think you will get a good answer from [REDACTED]  
2     [REDACTED] I would say that the -- without the precision  
3     that he will be able to give you, that the tenor would  
4     have been to see what we could do to turn off an involve-  
5     ment by the DDO with Mr. Ghorbanifar.

6           Q     Let me ask it slightly differently. Apparently  
7     this request to interview Mr. Ghorbanifar came directly  
8     from Mr. Casey. Was it -- I am just wondering if you  
9     know why it is that Mr. Casey wanted once more for there  
10    to be an interview with Mr. Ghorbanifar by the DDO. Was  
11    he going to talk to him about terrorism information? Was  
12    [REDACTED] specifically briefed on the backgrounds of  
13    the Iran hostages-for-arms initiative --

14          A     Ghorbanifar did have another one of his large  
15    involved stories about terrorism, which that is in his  
16    file, and it involved a conference of terrorists that had  
17    taken place in Teheran. It involved a discussion of  
18    Libyan involvement, terrorist involvement with the  
19    Iranians as well as with Palestinians, so most of that  
20    polygraph exam, which is in your possession, does center  
21    around his terrorist information.

22          Q     On the 22nd, [REDACTED] meets first with  
23    Mr. Ledeen and immediately after that he meets with  
24    Mr. Ghorbanifar, has a substantial conversation.  
25    Colonel North then shows up near the end of the interview.

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1                   When is the first time that you speak to [REDACTED]  
2                   [REDACTED] about the interview that he has conducted?

3                   A       That meeting on 22 December was a very late-  
4                   night meeting. I don't know what the date of the week  
5                   was, but assuming that it is a workday, I would have  
6                   heard from [REDACTED] the following morning. If it was  
7                   a Saturday night --

8                   MR. KERR: It was a Sunday.

9                   THE WITNESS: Then I would have heard the  
10                  first thing Monday morning.

11                  BY MR. EGGLESTON:

12                  Q       The 22nd is a Sunday.

13                  A       So we would have had a report from him first  
14                  orally and then written the following morning.

15                  Q       Do you recall whether there was a general  
16                  meeting about [REDACTED] interview of Ghorbanifar  
17                  that was attended by senior members of the Agency?

18                  A       Well, he would have come up and told [REDACTED]  
19                  [REDACTED] and myself about it first, and I believe that I have  
20                  testified previously that I recall rather fuzzily that  
21                  there was a meeting upstairs on the 7th floor probably  
22                  in Mr. Casey's office after that first session.

23                  Q       When I have asked you -- I heard testimony  
24                  from you about this once before. I seem to recall that  
25                  you could not quite remember whether there was a meeting

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1 that you were thinking about took place after Mr.  
2 Ghorbanifar had failed the polygraph test. Maybe I am  
3 not remembering what you said, but do you think that there  
4 was a meeting after each of those events that took place  
5 in Mr. Casey's office?

6 A I think your recollection is accurate, that  
7 I was -- when I talked to you about this before, I was  
8 fuzzy about which one of those, and it was particularly  
9 with regard to which one I might have attended.

10 I do not personally recall having attended  
11 the meeting of [REDACTED] reporting his first meeting. And  
12 [REDACTED] was present then. He wasn't away on a trip --  
13 so that should have been him attending that meeting.

14 Q I take it from your discussions, though, with  
15 [REDACTED] after he returned from that interview, it is  
16 your recollection that he was not -- it was your recollec-  
17 tion that he was somewhat critical of Mr. Ghorbanifar  
18 and that his views of Mr. Ghorbanifar were consistent  
19 with the prior DO's views of Mr. Ghorbanifar?

20 A That is correct.

21 Q There is a memorandum prepared with the  
22 number 174. My version is not dated. It makes a reference  
23 to the days of the meetings but the memorandum itself  
24 doesn't seem to have a date on it.

25 A Well, normal procedure would be for this to

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1 be written up immediately after the meeting. So he would  
2 have worked on that the following day.

3 I see no date either on this, but it would have  
4 been immediately after, and this was very high priority  
5 and it is a memorandum to the DCI.

6 Q Did you see that at or about the time that it  
7 was prepared?

8 A Yes.

9 Q As well as reporting on some general terrorist  
10 activity, it had a discussion of Mr. Ledeen's pretty  
11 complete rundown of the initiative as it had taken place  
12 <sup>up</sup> until that time.

13 What reaction or what reaction did you have to  
14 learning that Mr. Ghorbanifar had been involved  
15 apparently with the United States Government in this  
16 <sup>in</sup> initiative?

17 I suppose the more relevant question is, did  
18 <sup>you</sup> speak to anyone, Mr. George, Mr. Casey, anyone,  
19 <sup>about</sup> the wisdom of using Mr. Ghorbanifar in this kind of  
20 <sup>an</sup> operation?

21 A NE's attitude toward this at the time was that  
22 <sup>no</sup> good would come of it. I don't recall having spoken  
23 <sup>to</sup> anyone outside of NE Division in those terms.

24 Q Part of this memo, particularly a section  
25 <sup>in</sup> involving a conversation with Mr. Ledeen, reports various

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1 sort of details about the operation, including actually  
2 two unusual details: first, that there had been a  
3 deliberate overcharge on the price of the items that  
4 generated approximately \$200,000 for political contacts  
5 inside Iran.

6 Do you recall discussing that with Mr. Ledeen?

7 A No, I do not. I don't see that in here.

end emm  
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Q It is the section on Mr. Ledeen. It is not in the section dealing with Mr. Ghorbanifar?

A Yes, I see it.

Q Had used around \$200,000 of these funds to support, subsidize political contacts inside Iran, subject being Ghorbanifar. That would have been standard Middle East practice?

There is also -- if I could just take a look at it -- there is also a reference in here to "subject stated that he was holding \$40 million which the Iranians wanted returned" -- in fact, it is right after the remark about the \$200,000?

A Ghorbanifar said he was holding \$40 million?

Q Yes.

A You see, this is our problem. You know, when Ghorbanifar says he is holding \$40 million, based on our experience we know that he is holding something. It may be an empty sack or it may be \$4 million, or 14, but it certainly isn't 40, because Ghorbanifar is so well known to exaggerate almost everything he says. So we use a whole bag of salt when we are reading this stuff that he says.

Now that becomes an operational problem, you see, because what you are seeing is we have a problem so big that we can't work with this guy.

Q After this meeting between Ghorbanifar and [REDACTED]

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2 1 there is a decision made to conduct a polygraph of Mr.  
2 Ghorbanifar? Do you know who made that decision?

3 A My impression at the time was that that was  
4 the price that was paid either by Mr. Casey or by the NSC in  
5 return for our agreement to talk to Ghorbanifar. That we  
6 insisted that if we were going to talk matters over, terrorism  
7 or whatever else, that we would do that if Ghorbanifar  
8 agreed to a polygraph.

9 Q You at least at NE though, I would assume, did  
10 not feel that you needed a polygraph to determine that he  
11 was not someone that you wanted to be dealing with in any  
12 event?

13 A Well, to the contrary -- whatever your experience  
14 with a fabricator before, when you have this kind of interest  
15 in him and NSC feeling that here is a good guy, if you can  
16 provide some current truth or lack of truth judgments,  
17 technically provided, you give yourself a lot of ammunition  
18 with which you may be able to turn something off.

19 So a polygraph was essential for our purpose.

20 Q By essential, I guess what you mean is that you  
21 assumed that he would fail the polygraph---

22 A Yes.

23 Q And perhaps therefore you could shut the NSC off  
24 from dealing with this guy?

25 A Probably. It was a little hard for us to judge

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1 that because we can't tell how far this has gone politically  
2 and we aren't being told all of that political data.  
3 But it is possible it seems to us that we might be able to  
4 make reason known.

5 Q I just want to test how far your bias went. I  
6 take it that Mr. Ghorbanifar, although he was a fabricator,  
7 was someone that you thought had some access within Iran?  
8 Some -- let me phrase it this way. If he would just tell  
9 you the truth he was someone who might have valuable informa-  
10 tion to give. Is that a fair characterization of Mr.  
11 Ghorbanifar?

12 A Mr. Ghorbanifar -- I am now stating it on what I  
13 know now -- Mr. Ghorbanifar had a very good business  
14 relationship with [REDACTED] who worked in [REDACTED]  
15 [REDACTED] He is an intellectual superior of  
16 [REDACTED] He had some intelligence from that connection  
17 as would anybody who was selling arms on that scale. The  
18 operation we are talking about, the TOWs, was only one  
19 operation that Ghorbanifar intended doing. They were running  
20 around Europe doing several others which they tried to keep  
21 compartmented from us [REDACTED]  
22 [REDACTED] The problem -- now we are  
23 back to the bias against -- the problem is when Ghorbanifar  
24 tells us about his intelligence derived from [REDACTED] or  
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1 whomever else, we can never -- and this is through the  
2 history of the operation, from January to September of 1986--  
3 we can never get enough meat on what he is saying to put out  
4 one single intelligence report. We can't separate out the  
5 wheat from the chaf.

6 Q The impression I am getting from you though is that  
7 NE would have been sorely disappointed if he had passed the  
8 polygraph?

9 A Yes, I think that is accurate.

10 Q Was the polygraph conducted in such a way to ensure  
11 that he would fail?

12 Q No. We don't do polygraphs that way.

13 Q It is my understanding Mr. Cave was brought to  
14 work on the polygraph, when I say work on it, I mean help  
15 design the questions. Was that your recommendation?

16 A No, but George had had previous experience with  
17 Ghorbanifar, and so did know something about him. I think if  
18 you look at those questions you will see that they are the  
19 fair questions for the subject matter at hand.

20 Q On December 23rd, Mr. Casey wrote to the President  
21 about various lines that were being taken to help getting  
22 the release of the hostages and one of those he mentioned  
23 was Mr. Ghorbanifar, there were letters reflecting CIIN No.  
24 447. Were you aware at that time that the director was  
25 writing the President about Mr. Ghorbanifar?

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A I was shown that letter by the Tower Commission.

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Q And you had not seen that prior to that?

3

A I had not.

4

Q I will show it to you. We have a lot of black

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marks.

6

A I saw a better copy than you have.

7

Q I think we now actually have a clean copy.

8

Between -- now I am moving into the early part of

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1986, between, say, January 21, 1986 and January 11, 1986

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when the polygraph was actually given. We now know that

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there was work being done and a number of different drafts

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being done of a second typing or a finding or whatever. Did

13

you know that those drafts, that kind of work was being done

14

in your legal counsel's office?

15

A Yes, I knew that a draft was being written, and

16

that is all I knew.

17

I recall hearing that Mr. Sporkin was personally

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involved.

19

Q I take it by that you knew there was a draft

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related to Iran and this initiative? You knew a finding was

21

involved?

22

A It had -- I assumed that it had to do with CIA

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support for an NSC operation.

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Q Were you concerned that regardless of how the poly-

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graph turned out that this initiative was going to go ahead

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as a result of that?

A Well, it is fuzzy in my mind at what point it is clear in my mind that finding is a part of this thing. I just don't remember that, how that worked or that I had a concern that Ghorbanifar, passing meant that we would be directly involved. I don't recall actively thinking about that.

Q I just wondered by this time as<sup>a</sup> result of the [REDACTED] meeting you knew that Ghorbanifar had kind of been the principal engine in the fall of 1985?

A Yes.

Q And you were probably -- at least you weren't aware that there was any other -- I take it any other initiatives going forward that would be involving the hostages and be an agency support of an NSC mission?

A No, once [REDACTED] writes his memo it is all laid out there.

Q The polygraph takes place January 11. When did you first -- when were your suspicions first confirmed that he had failed? Was it that day or was it the following day?

A Well, it would have been soon after -- my recollection is that that was done in the afternoon and we probably had the results the following day, at least orally. Typically it takes several days for the polygraph operator to write up his report, and I recall that [REDACTED] was present and so we would have gotten his version immediately

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1 after he returned from the office. Whether that was that  
2 night or the next morning, I don't remember.

3 Q So, by this time you know that he has failed  
4 virtually all the questions?

5 A That is correct.

6 Q Is it around this time then that you had the  
7 meeting in Mr. Casey's office that you seem to recall you  
8 were present at?

9 A Yes, that is the one that I recall.

10 Q Could you just describe who was present and what  
11 was decided, or discussed at that meeting?

12 A My recollection is that the DDO was present,  
13 and I was present. [REDACTED] may have been present, I  
14 don't remember. And I think [REDACTED] was not, as I recall.  
15 And the principal decision that came out of that was that  
16 Mr. Casey still was interested in Ghorbanifar's information  
17 on terrorism despite the results of the polygraph, and felt  
18 that there might be something there that was in terms of  
19 information and terrorist names and international involvement,  
20 that there might still be something there that was worth  
21 following up. And as a result of that meeting, Charlie Allen  
22 was tasked with handling that contact with Ghorbanifar. As  
23 I recall -- and this is a little fuzzy -- Clair George said  
24 that he did not want DDO officers involved with that.

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**TOP SECRET**

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1 I am not sure how that was arrived at. I recall  
2 it as being fairly bluntly stated but I am a little fuzzy  
3 on that.

4 Q Did you make your views of Mr. Ghorbanifar known  
5 at that time?

6 A I do not recall speaking to it. I think Clair  
7 George did the talking.

8 Q Despite, and I would assume that it has also been  
9 your position articulated to Casey, that even if there  
10 was something in what Mr. Ghorbanifar was saying, you are  
11 never going to know whether it was the truth? Did  
12 the operations director try to keep Mr. Casey from even  
13 assigning Mr. Allen to talk to Ghorbanifar?

14 A I doubt that we did that. Our views by this point  
15 are pretty thoroughly laid out, and there are some things  
16 that you can turn Mr. Casey off on and some that you can't,  
17 and it was pretty clear to us that he was not going to stop  
18 entirely on that one.

19 Q It was apparent that he wanted to pursue this  
20 initiative?

21 A Yes. Part of the -- see, Ghorbanifar also  
22 throws out -- there is another bone -- there is something  
23 else I have got for you guys that is really important, it is  
24 in my apartment back in Paris. There is something more  
25 just around the corner. That is a part of his modus

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#2B

emm-1

1 operandi.

2 On this occasion, that was a series of  
3 intelligence reports and photographs that he had of  
4 terrorists. And that was -- you know, it is just out  
5 there, just beyond our reach and he would provide it to  
6 us at the next meeting, so there is always one more  
7 temptation for a next meeting.

8 So Allen was sent out to get that. He had a  
9 meeting with Ghorbanifar in Europe, as I recall, shortly  
10 after this.

11 Q In fact, it might have been the very next  
12 day.

13 Was there a discussion in this meeting on or  
14 about the 12th, whenever it was, in Mr. Casey's office  
15 with Mr. George and yourself? Was there discussion about  
16 using Ghorbanifar, continuing to use him in this arms-  
17 for-hostages initiative?

18 A I don't remember that. I think it was entirely  
19 centered around the terrorist question.

20 Q So your impression on the optimistic stance  
21 that Mr. Casey was taking about Ghorbanifar was not as  
22 a result of we just have to take a shot at the terrorists,  
23 on the hostages?

24 A Well, Casey certainly knew that because he  
25 knows that a Finding was about to be signed. All I know

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2

1 is that there is a Finding in the works.

2 Q Right.

3 A There may have been discussion on the hostage  
4 and the NSC, something at that meeting too, but I don't  
5 recall it.

6 I recall it all being centered around  
7 Ghorbanifar's terrorist information and what would happen  
8 next time.

9 Q On the 13th of January, Mr. Allen spent five  
10 hours with Mr. Ghorbanifar and he writes it up in a  
11 document that is number 526. I take it that that is  
12 something that you saw -- I can't remember the date on  
13 the front of it.

14 A The date is 29 January. Yes.

15 Q Let me show you No. 173, which came out of  
16 NE at least.

17 A That is correct.

18 Q Is that a response to the previous document  
19 I just showed you --

20 A That is not a response; it is a refutation of  
21 0526.

22 Q It appeared to me that those two were related.  
23 But I wanted to make sure that I was talking about the  
24 same document. That is your response, a refutation of  
25 the information that is provided?

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3

1 A That is right.

2 Q Between the 12th and the 18th of January, did  
3 you have any additional meetings or involvement in  
4 decisions relating to either the Finding or Mr.  
5 Ghorbanifar, any aspects of this initiative, do you  
6 recall, not including the 18th?

7 A Not involving Mr. Ghorbanifar. There is in  
8 one of my testimonies, or not in my testimony, but  
9 somebody else's, the possibility of a meeting between me  
10 and [REDACTED], who was the chief of the [REDACTED]  
11 [REDACTED] of the Agency, which was at that point called  
12 [REDACTED], now called [REDACTED] and his recollection was that we  
13 had a meeting the week before the Finding was signed,  
14 which was a heads-up that some support for logistics  
15 purchase of weapons from the Pentagon, using his channel,  
16 might be necessary.

17 I didn't recall such a meeting, but [REDACTED]  
18 did, and it is on my calendar that I met with [REDACTED]  
19 that previous week, sometime the week of January 11th.  
20 So I am sure that meeting did take place.

21 BY MR. KERR:

22 Q Did your calendar show the exact date?

23 A Yes.

24 Q Could you supply that to us?

25 A Sure. I think it is the Friday, which would

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1 be January 17th. But I am not sure of that. I may have  
2 been -- it may have even been the previous Friday, the  
3 11th.

4 BY MR. EGGLESTON:

5 Q I just happen to have Colonel North's  
6 calendar. The 17th was the day that the Finding was  
7 actually signed. So if it was the week -- I am only  
8 suggesting if it was the week prior to January 17th --

9 A Well, the 18th is a Saturday. The 17th was  
10 the Friday -- I think this was a Friday afternoon meeting  
11 and I think it was either the 17th or the 10th. It was  
12 a late afternoon meeting and it is on my calendar and,  
13 yes, we can provide that specific time.

14 Q Colonel North's calendar reflects that you had  
15 a meeting with the Colonel on the afternoon of January  
16 16th. Do you recall such a meeting? Do you know whether  
17 the meeting actually took place?

18 It is an entry on his calendar.

19 A I think I will have to check my calendar.  
20 I don't remember it. I do not recall any preliminary  
21 discussion of the Finding or of the activity.

22 It is possible that I was talking to North  
23 about a terrorist matter unrelated to this.

24 Q The calendar does not indicate the subject  
25 of the meeting.

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1 A My calendar.

2 Q Colonel North's calendar does not indicate  
3 the subject of the meeting.

4 A But this would have been allegedly in his  
5 office if I showed up?

6 Q It only indicates that a meeting was apparently  
7 scheduled. It does not indicate where it took place.

8 A Well, I'll get you whatever my calendar says  
9 on it.

10 Do you not have a copy of my calendar?

11 Q I don't think we do.

12 A You are welcome to it.

13 Q And probably the last question before lunch,  
14 when do you then first learn that the Finding had been  
15 signed on the 17th of January?

16 A I think that is on January 17th, when Clair  
17 George, and I don't remember whether this was a phone call  
18 or whether he had me come up and told me that he and I  
19 would be going down to the White House for a meeting  
20 with Poindexter the next day, and that the Finding had  
21 been signed.

22 Q Okay. Thank you.

23 I am prepared for a break here.

24 (Whereupon, at 12:45 p.m., the taking of the  
25 deposition recessed, to reconvene at 1:50 p.m., this same  
day.)

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AFTERNOON 1  
SESSION 2  
1:55 p.m. 3  
CAS-1 4  
STEIN 5  
pad 3 6

MR. EGGLESTON: I note that Mr. Kerr is not here.

The transcript will be available to him. I am willing to brief him on anything that happens. We are starting a few minutes late.

## EXAMINATION

BY MR. EGGLESTON:

Q [REDACTED] immediately before lunch I had asked you, and you had responded to the question when you had first learned about the finding signed on January 17, 1986. You indicated, I believe, that you had received a message either in person or over the telephone from Mr. George indicating to you that you would go down the next day to meet with Mr. Poindexter and I think you said it was your information at that time it had something to do with a finding.

A That is correct.

Q Did you know that it was a finding with regard to Iran?

A Well, I must have, because, as I indicated, there was apparently a meeting, a heads-up meeting that I didn't recall on the possibility of setting up a logistics chain. And since we had heard that a finding was in the works, the logic must have been pretty obvious.

Q Let me direct your attention to the meeting which you had on January 18th. Can you tell us who went from the

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CAS-2

1 agency, where it was held and who the other participants were  
2 in the meeting?

3 A From the agency, the general counsel, Mr. Sporkin,  
4 whom we knew had authored the finding; Mr. Clair George, the  
5 DDO, and myself. On the NSC side, Admiral Poindexter chaired  
6 the meeting and Colonel North was there. I don't remember  
7 anybody from the White House legal side being there, but  
8 it is possible there was.

9 I don't think so, though.

10 Q Was Paul Thompson there?

11 A Well, I met Paul Thompson and I had -- at a  
12 meeting and if somebody were there, it would have been him.  
13 If there was White House counsel present, and I just don't  
14 remember.

15 Q Did it take place in Mr. Poindexter's office?

16 A No, it took place in the situation room, which is  
17 the secure room in the basement of the White House.

18 Q Could you tell us the subject of that meeting?

19 A Mr. Poindexter opened with a description of what  
20 it was we were going to attempt without going into any  
21 background of what had already been done. We were then given  
22 the signed finding and were permitted to read the signed  
23 finding.

24 And both Mr. George and I individually read that  
25 signed finding at the 18 January meeting.

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CAS-3 1 Q Was this the original, the blue ink version?

2 A I think it was. In fact, I think that was the  
3 only copy of it for some months.

4 Q You did not, meaning the agency, did not at that  
5 meeting at least obtain a copy?

6 A We were specifically told that we would not have a  
7 copy, that this copy would be in the office in the safe of  
8 Admiral Poindexter. Colonel North did not then have a  
9 copy either.

10 I know that because about a month later I said that  
11 I would like to re-read the finding. I had read it fairly  
12 quickly on that occasion and so I wanted to go back and make  
13 sure that I knew exactly what it permitted us to do in order  
14 to avoid any pitfalls getting outside the finding and in  
15 order to do that I had to have a meeting with Paul Thompson  
16 and we got that finding out of Poindexter's office.

17 Q How long did this meeting on the 18th with Admiral  
18 Poindexter and others last?

19 A Well, it wasn't very long. I would say it was not  
20 in excess of 30 minutes.

21 Q Did Admiral Poindexter describe the events of the  
22 fall of 1985?

23 A No, he did not. He did not go into anything that was  
24 prior to the signing of the finding.

25 Q Was there any discussion by anybody about the

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CAS-5 1 And that is --

2 MR. KERR: As to the progress on that finding you  
3 were not kept apprised; is that correct?

4 THE WITNESS: That is correct.

5 BY MR. EGGLESTON:

6 Q I take it that one of the purposes of the meeting  
7 on the 18th was in order to set the planning in motion  
8 in order to effectuate the purposes of the finding, to get  
9 people together?

10 A The principal purpose was to start CIA support  
11 for the NSC operation. So the main focus was here we have  
12 this finding and this is what we are going to have to do. We  
13 are going to have to buy some weapons from the Pentagon,  
14 and we can do that through the CIA. We want [REDACTED]  
15 to handle that. In fact, I think Mr. George said [REDACTED]  
16 will handle all the finance and all of the logistics.  
17 And Poindexter said I want only [REDACTED] to handle that  
18 part of this, setting up the channels and the mechanisms  
19 will be my responsibility.

20 Q Was it also going to be one of your responsibilities  
21 to set up the method by which the CIA would obtain payment  
22 for the missiles and thereafter make payment to the Department  
23 of Defense?

24 A That is correct.

25 Q Was there any discussion at this meeting about how

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CAS-6

1 that was to take place?

2 A No. It was my duty to find out how to do that and  
3 then to report that, how we would proceed back to the NSC  
4 and upwards to Clair George.

5 Q Was there any discussion at this meeting about the  
6 kinds of weapons that you would be obtaining from the  
7 Department of Defense?

8 A Yes. It was to be TOW missiles, and I think -- I  
9 think the total number was laid out at that meeting and was  
10 4,508 TOW missiles. It may have initially been stated at that  
11 meeting as 4,500, because there was a discrepancy in numbers  
12 during the first week. It pounced around, first was 4500,  
13 then it was 4504 and it eventually ended up at 4508. It  
14 didn't become clear until later why that odd number was.

15 Q Was there discussion at the meeting about the  
16 reason it was not 4500, why it was 4508?

17 A I can't be sure that the eight or four was mentioned  
18 at this meeting. It was clear to me at the second meeting  
19 in Frankfurt, which was 25, 24 February, that the 508 was a  
20 payback to Israel for a previous delivery. I think that  
21 eight -- eight is kind of a strange number, and I think we  
22 might have asked a question about it -- I think that did not  
23 come up at this meeting.

24 Q Was there any discussion at this meeting about the  
25 Hawks that remained at that time in Iran? A procedure

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CAS-7

1 for the return of the Hawks or to pick the Hawks back up, was  
2 there any discussion at this meeting about that?

3 A No, that came later, too.

4 Q Do you recall anything else that was discussed  
5 during the course of this meeting?

6 A No. It was primarily focused on the finance  
7 and logistic task that CIA was to undertake, and I don't  
8 believe anything else was covered.

9 Q When did you first learn that General Secord was  
10 involved in the logistics of this operation?

11 A I am sorry. I was just trying to think whether  
12 Ghorbanifar was discussed at that meeting.

13 Q That was going to be my next question. I was  
14 going to ask you just about when you first learned specifically  
15 that various other participants were going to be directly  
16 involved. I had started with Secord and was then going to  
17 ask about Ghorbanifar.

18 A Secord's name was mentioned within a week when we  
19 started talking about the logistics chain, because the chain  
20 was going to be we would arrange delivery of the missiles from  
21 the Army depot in Alabama to our [REDACTED] and  
22 then Secord would arrange to have them picked up by Southern  
23 Air Transport, SAT Airlines, at our [REDACTED]. And we  
24 started planning that within the week of -- after that week  
25 of 20 January.

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CAS-8 1 Q Before I get into the actual --

2 A He did not come up at all at this meeting because  
3 I recall being surprised on the phone by mention of his  
4 name.

5 Q Before I get into asking you about how you made those  
6 arrangements or to satisfy the logistical requirements, did  
7 Mr. Ghorbanifar's name come up during the course of this  
8 meeting?

9 A I would think so, but I don't recall it, and at that  
10 point it must have been pretty much a fait accompli. It was  
11 clear we were going ahead whatever our strong objections and  
12 the DDO had been. So there may have not been that much to  
13 talk about.

14 Q So it wasn't that the agency complained directly to  
15 Admiral Poindexter about the involvement of Mr. Ghorbanifar?

16 A Not at that meeting certainly. I would have recalled  
17 that. What the agency had said previously to the NSC at  
18 these high-level meetings that you mentioned in December,  
19 I think the agency's position, John McMahon had pretty  
20 strong views, too, although he wasn't in the DDO -- he  
21 strongly adopted our position on the nonworth of  
22 Mr. Ghorbanifar. So I think our views were pretty well known  
23 on that.

24 Q As of the time of this meeting on the 18th, had you  
25 had any professional contact with Colonel North?

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CAS-9

1 A Yes. I dealt on terrorism and hostage matters,  
2 so had had a few contacts at meetings with Colonel North.

3

4

5

6 Q But by this time your operational type contact with  
7 him had been fairly limited?

8

9 A Yes. I think that meeting [REDACTED]  
[REDACTED] probably the first week in November was the first time  
10 I had been in his office.

11

Q After this meeting is over, did you have a conversa-  
12 tion with Mr. George or anyone about CIA's involvement in this  
13 operation?

14

A I recall talking in the car going back with him on  
15 setting up the finance and logistics channels, and I simply  
16 told him how I would proceed in doing that, and that I would  
17 call the chief of finance to tell him what the problem was  
18 and that I would get back to him, but I didn't think it would  
19 be a problem. It seemed to be pretty thoroughly covered  
20 by the finding. There was possibly some discussion about --  
21 in fact, I recall a remark that the finding was broad  
22 enough you could drive a truck through it so there was a  
23 little discussion about it.

24

Q Do you recall that in reading the finding that the  
25 introductory language provided that the Director of the

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CAS-10 1 CIA not notify the Congress about the fact of the finding?

2 A Yes.

3 Q During the course of that meeting was there any  
4 discussion about that provision of the finding?

5 A I think Admiral Poindexter did say that the -- that  
6 this was a very sensitive undertaking and that the absolute  
7 minimum number of people would be in the loop, in the  
8 circle of those who would be made aware of the compartment  
9 and that the President felt strongly that the Congress would  
10 not be notified until a later date. I took that later date to  
11 mean after the hostages were released, because at this point  
12 it was our -- there were a couple of scenarios already floating  
13 around -- well, I think that may have been discussed for the  
14 first time at that meeting -- that that -- that after  
15 delivery of the first shipment of TOWs the hostages would be  
16 released, meaning all of the American hostages in Lebanon.  
17 So we were looking at this, looked at it initially as  
18 probably going to be a fairly short-term thing.

19 Q Who did you understand was going to have the  
20 responsibility for deciding when Congress should be notified?  
21 Was that a responsibility that would be on the agency, on the  
22 NSC, on the President?

23 A That would be a presidential decision, I am sure.

24 Q Since he is busy, someone has to advise him now the  
25 time has come, Mr. President, to advise Congress.

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CAS-11 1 A Yes.

2 Q Just generally the way these things work, is that a  
3 responsibility that would fall on the agency or on the NSC or  
4 did you have any understanding of whose responsibility that  
5 would be?

6 A In my understanding of the de facto way that that  
7 system works, I think either Mr. Casey or Mr. Poindexter,  
8 Admiral Poindexter, could initiate that discussion about now  
9 is the time, but it would be a White House decision.

10 Q Did you discuss with Mr. George or with Mr. Casey  
11 the wisdom of delaying notification of Congress -- wisdom  
12 is a bad word -- the decision to delay notification of  
13 Congress?

14 A The answer is no, I did not.

15 Q Could you describe for us after this meeting what  
16 steps then you took in, say, the next week in order to get  
17 the logistics chain in motion?

18 A Yes. This was on a Saturday so the following  
19 Monday, 20 January, I made two telephone calls, one to the  
20 Director of Finance to tell him that we had a finding and that  
21 I would need a Swiss bank account, and that a fairly  
22 sizable amount of money, something around \$30 million  
23 on the first deposit, would come into that account. And he  
24 gave me the name of somebody in his office to <sup>work</sup> ~~work~~ with who  
25 would be the only person in the Office of Finance who would

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CAS-12 1 be in the compartment.

2 The second telephone call was to [REDACTED] the Chief  
3 [REDACTED] the [REDACTED] section, division, to tell him that  
4 I would need the services of [REDACTED] to work with the  
5 Pentagon on transfers of arms to the agency [REDACTED] had done  
6 this -- he was a former Army logistics officer before and so  
7 knew how that whole mechanism worked [REDACTED]

8 [REDACTED]  
9 [REDACTED]  
10 The third thing that had to be done was make the  
11 connection with the Pentagon, and I had a conversation with  
12 North -- it must have been that Monday or Tuesday, 20 or 21  
13 January -- in <sup>w</sup>hich he told me that he would call the --  
14 either call himself or have somebody else call, which I  
15 understood being Admiral Poindexter, call the military  
16 aid to Cap[REDACTED] Weinberger, whose name was General Colin  
17 Powell, and Colin Powell would be told to arrange this in the  
18 Pentagon, let whomever the proper channel was know that  
19 I was going to be making the call and that they were to  
20 provide whatever I asked for, and the agency would pay DOD  
21 for the missiles.

22 Then I would have waited a day or possibly two --  
23 I don't recall a telephone call back from North saying go  
24 ahead now. I did call Colin Powell, he was expecting my  
25 call, knew who I was and told me that the person I should

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CAS-13

1 work out the details with was General Russo, and Powell  
2 warned me that he knew what the purpose of this was, knew  
3 where the weapons would be going, knew that it was in  
4 support of a sensitive, covert finding, but that General  
5 Russo did not. General Russo would only know that he was  
6 supporting a CIA covert arms acquisition.

7 Q Let me just ask you a couple of questions about  
8 finance. You indicated that when you called the Finance  
9 Office that you thought that you needed an account that was  
10 going to have an initial deposit of around \$30 million.  
11 How is it that you had arrived at that figure?

12 A Well, I don't recall -- there were then a series of  
13 calls, I think probably two a day over the next four or  
14 five days, and I can't tell you exactly at what point we arrived  
15 at all these details. But the \$30 million would have come  
16 later after it was -- after we had a first price from  
17 Army logistics that a TOW missile was probably going to run  
18 in the general neighborhood of \$6,000 each. And that was  
19 simply a matter of multiplying 6,000 times 4500 missiles, and  
20 that comes out, I think, to something around \$27 million.  
21 We added sufficient cushion for the logistics, airplane rentals,  
22 the Army told us that they were going to have to charge some  
23 guard duty and other miscellaneous expenses so that they  
24 weren't out of pocket, and the principal concern of mine  
25 was that the agency did not end up with \$31 million of

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CAS-14 1 expenses when we only had \$30 million through the channel to  
2 pay for it.

3 The reason that would have been a problem was that  
4 we might not then have anyplace else to take it except out of  
5 our own budget, which would then have required us to disclose  
6 the activity to both the OMB and to the Congress and I  
7 couldn't tell when that might be. So my principal concern  
8 in this was to make sure that I had enough money for the  
9 NSC channel to cover my agency costs.

10 Q Did you believe that you would have had a -- if you  
11 would have had to use agency funds, you would have had to  
12 report to OMB and to Congress even though there had been a  
13 finding?

14 A Yes.

15 Q There is a separate provision that would have  
16 required that kind of notification?

17 A That was my understanding at the time.

18 Q Did you -- you told us that Mr. Powell had told you  
19 to get in touch with Russo. Did you get in touch with  
20 Russo?

21 A Yes. Probably immediately, so we are  
22 talking somewhere around 22, 23 January. And I explained to  
23 him the number of TOW missiles that we would require, told  
24 him that there might be other things later, but I couldn't  
25 tell that, and that the -- at some point fairly early on --

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CAS-15 1 it might have not been the first conversation, I told him that  
2 the first traunch, the first batch would be a thousand  
3 missiles, that we would need a thousand pretty quickly.  
4 Colonel North is a man who is always in a hurry, so he  
5 sort of was saying we are going to need this yesterday. It  
6 was a question of Russo, how fast can you set this up, how  
7 fast can you pin down a price, how fast can we get this whole  
8 thing nailed down.

9 Q Did you have any understanding about how soon the  
10 missiles would actually be shipped as of this period of time,  
11 January 22, 23? Was there a tentative date in your head?

12 A No. But by the following week, Colonel North brought  
13 over a scenario which was a pretty detailed thing. It had 20  
14 to 30 steps to it, the last step of which was -- and you have  
15 a copy of this -- was ludicrous to us, that on April 11th or  
16 some other specific date around there that ~~Khomeini~~<sup>Khomeini</sup> would  
17 step down from power. That was just Ghorbanifar nonsense.

18 Q Let me show you CIIN number 131, which is a cable  
19 and ask if you would tell us whether you had seen that cable  
20 at or about the time it was sent.

21 A That is a good cable.

22 Q I take it from that this is the first time you have  
23 seen it?

24 A No, I have seen this once before.

25 Q Just so the record is clear, this is a cable dated

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CAS-16 1 25 January where the agency is registering its objection to  
2 providing intelligence information to Iran on the Iran/Iraq  
3 war. Is that a fair summary?

4 MR. KERR: It is not the agency, it is Mr. McMahon  
5 to Mr. Casey, isn't it?

6 THE WITNESS: Mr. McMahon's cable to Mr. Casey.

7 MR. KERR: There was another element in the agency  
8 that disagreed with that cable coming back the other way,  
9 Mr. Casey.

10 THE WITNESS: Well, there is a sentence here that  
11 I am not sure whether he is objecting just to the intelligence  
12 or perhaps more accurately to the whole operation. The first  
13 sentence of the third paragraph, the <sup>sentence</sup> ~~part~~ says everyone  
14 here at headquarters advising against this operation not only  
15 because we feel the principle involved is a liar -- that is  
16 referring to Ghorbanifar -- and has a record of deceit,  
17 but secondly, we would be aiding and abetting the wrong people,  
18 meaning, I guess, the Iranians.

19 MR. KERR: That cable is addressed to Mr. Casey?

20 THE WITNESS: Yes. The heading on it says please  
21 pass to DCI from DDCI, eyes only.

22 BY MR. EGGLESTON:

23 Q This was during a period of time when, as I recall  
24 Director Casey was on a trip [REDACTED] or that part of the  
25 world?

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CAS-17 1

A That is correct.

2

Q He was out of the country?

3

A Yes.

4

Q Did you have any role in preparing this cable?

5

A No, I did not.

6

Q Did you know that this cable was being sent?

7

A I think I did. I had forgotten it, but I am

8

pretty sure I knew about that.

9

Q Mr. Kerr has referred to a cable, which I don't have with me, which is a response to this cable. Have you seen that cable?

12

A I may have, but I don't remember it. If you have got it, I would like to see it.

14

Q You were, though, aware that part of the plan was to provide intelligence information and you were generally opposed to that plan?

17

A Yes. We were <sup>still</sup> fussing about that when Casey came back to town.

19

Q Do you recall when Casey came back?

20

A No, but it was before I went off -- before I went

21

off to the first meeting in Germany on 18 February.

22

Q There are various reports that you went to a meeting in Germany the 5th of February. I take it that is not true, you did not go?

25

A That is not true.

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CAS-181 Q There was a major -- there was a meeting with regard  
2 to the logistical operation which appears to have taken place  
3 around 29 January. Do you recall that meeting?

4 A Well, there should have been more than one, so I  
5 guess I am not sure where you are headed.

6 Q I just recall a meeting ~~with~~<sup>on</sup> other things that I have  
7 seen that involved Mr. Secord as well as yourself, Colonel  
8 North and --

9 A I know what you are talking about then.

10 Q Is that the first time that you had had a meeting  
11 with General Secord?

12 A That is correct, the first time I met him. That  
13 was held in the Executive Office Building in the evening,  
14 six or 7:00 p.m.

15 Q You knew, though, prior to this time that Mr. Secord  
16 was to have some role in the logistical aspects of this  
17 operation; is that correct?

18 A If I didn't know before then, I certainly did at that  
19 meeting and I think I had a little bit of data before. But  
20 it was pretty well laid out at that meeting.

21 Q Could you tell us who else attended that meeting?

22 A Charlie Allen was there. It was chaired by Colonel  
23 North. And that, frankly, was the first time I realized  
24 that Charlie Allen had a role in this. I was a little puzzled  
25 by it because I thought I was the only channel. I didn't quite

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CAS-19 1 figure out where he fit in. And then Noel Koch was there  
2 from DOD. So that is a total of five people.

3 Q Was -- did you say it was held in Colonel North's  
4 office?

5 A No, it wasn't, it was held down the hall in a  
6 conference room.

7 Q As best you recall, what was discussed at that  
8 meeting?

9 A We discussed a lot of detail at that meeting  
10 about the logistics, and exactly what we needed to do. I am  
11 not an air operations man. I don't have a lot of background  
12 in that. But Secord certainly is, and he laid out a series  
13 of requirements on things called hot spot parking, which  
14 means a place where you load ammunitions, that he would need  
15 [REDACTED] and I told him we would be responsible for  
16 the loading and we would be responsible for things like the  
17 pallets on which you load the missiles. There was a certain  
18 question about how many -- what the cube was and what the  
19 weight was and how many you could put into a 707 and whether  
20 it would take two or three airplanes, and so I had to get sort  
21 of a whole page of detail of loading and numbers of planes  
22 and weights, that I had to go back to Russo and to find out  
23 how these things were packaged.

24 We also had to discuss the question of sterility,  
25 whether these things would still have the U.S. markings, and

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CAS-20 1 there was some discussion about the path that we would be  
 2 taking. And it was described to me, I think, for the  
 3 first time at that meeting that Secord would take them, and  
 4 there was a customs question, too, with Secord, from [REDACTED]  
 5 [REDACTED] either on a northerly route [REDACTED]  
 6 [REDACTED], eventually ending up in Israel or he  
 7 would take a southerly route which would take him through [REDACTED]  
 8 [REDACTED] the Mediterranean to Israel. It wasn't clear  
 9 at that point.

10 He had work to put that together. He did not request  
 11 any assistance from us on the overflight rights or landing or  
 12 refueling or anything like that.

13 It was also clear at that point that the -- once  
 14 they arrived in Israel that those missiles would be off-  
 15 loaded at an Israeli base and then would be onloaded to an  
 16 Israeli airplane and flown back by Secord's crew, not an  
 17 Israeli crew [REDACTED]  
 18 into Bandar Abas, a southern port in Iran.

19 Q What did you understand that General Secord's  
 20 position with relation to the NSC to be? Did you think he  
 21 was a consultant?

22 How did you think he had gotten involved?

23 A Well, I found out within the month. I don't think  
 24 I knew then except I knew he wasn't an NSC member. I didn't  
 25 understand him to be an employee or on contract to the NSC,

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CAS-21

1 but anyone other than he was clearly handling this logistics  
2 for North. I didn't really know more than that.

3 Now, on one of those February flights coming back  
4 from Europe, I asked North that question, and North said --  
5 I am getting a little ahead of the story, but both Secord and  
6 Hakim turned up at the second meeting and Hakim came to that  
7 meeting it was a fait accompli just out of the cold. There  
8 had been no discussion of a translator, no discussion of the  
9 need for a translator, and when we arrived there Ollie North  
10 says Hakim here is going to do the translating because we don't  
11 trust Ghorbanifar -- see, he is catching on, too -- and so on  
12 the flight back from that meeting, which is the end of  
13 February, I said to North, you know, I don't think it is very  
14 smart to have these outsiders, they are retired or not U.S.  
15 Government, and we have this sensitive U.S. Government activity,  
16 and we are trying to hold this very tightly -- I don't think  
17 they ought to be involved.

18 If we need translators for meetings, I can provide a  
19 translator and give you somebody who knows something about  
20 Iran. His answer to that was, well, Secord and Hakim know  
21 each other, they knew each other a long time ago in Iran and  
22 they both served or have lived in Iran, Hakim, of course,  
23 was an Iranian citizen at one point before the fall of the  
24 Shah -- and he said I trust them and I rely on their  
25 expertise, and besides, North -- Secord is handling things

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CAS-22 1 for me in Central America. He is in charge. And Hakim is  
2 in charge of that activity -- I am not sure whether he  
3 said that activity or that effort -- in Europe. And I  
4 said, well, if that is the case, all the more reason why you  
5 don't want to do that, because if you are trying to do a  
6 compartment, I don't think we ought to mess this Iranian thing  
7 up with whatever else you are doing.

8 In dealing with North -- and I was dealing with him  
9 mostly on the telephone -- through that month of February,  
10 which is the busiest time for me -- it was -- I would say he  
11 was clearly the most hectically pressed member of the U.S.  
12 Government I had ever met. He was working very long days on  
13 this. He would disappear for a day or two and I would be told  
14 he is down south.

15 It was clear that he was down in Central America.  
16 I think that is perhaps as early as March.

17 SENATOR HEFLIN: What was North's reply to your  
18 statement that you ought not to mix up things?

19 THE WITNESS: There was no reply to my recollection,  
20 Senator. What I did when I got back to the agency was  
21 run a name trace on Hakim, and find out how much we really did  
22 know about him. He is a U.S. citizen by now, but we don't have  
23 very many files on U.S. citizens, but we did on Hakim because

24

25

SENATOR HEFLIN: When you said to him you don't

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CAS-23

1 think you ought to mix up the Iranian situation with the  
2 Central American contra situation, he made no reply whatsoever?

3 THE WITNESS: Well, not that I recall. If he made a  
4 reply it was sort of to slough it off. He did not in my view  
5 take it very seriously.

6 SENATOR HEFLIN: Did you press him?

7 THE WITNESS: I am not one who presses frontally  
8 very often. What I did was gather up my facts when I  
9 got back to the agency, and we took that up to  
10 Clair George, and he recommended to Mr. Casey that we get  
11 Hakim out of this and that we substitute George Cave,  
12 one of our retirees, but a real expert on Iran, who speaks  
13 excellent Farsi, and we did that successfully. We removed  
14 ~~Kasim~~ <sup>Hakim</sup> and Secord from direct participation in these meetings.

15 SENATOR HEFLIN: Why did you ask him the question of  
16 saying they ought not mix up the two?

17 THE WITNESS: That is a cardinal rule in my business  
18 I have been an operations officer in the CIA since [REDACTED]  
19 And we never mix the mechanism for two separate operations if  
20 we can possibly get away from it.

21 SENATOR HEFLIN: Did you tell North that or did you  
22 just make the question you didn't think that they should mix  
23 the two?

24 THE WITNESS: As I said, Senator, I did tell him that  
25 I thought we should not mix the two. Was that your question?

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CAS-24

1                   SENATOR HEFLIN: I was trying to really -- you are  
2 not dealing with the CIA, you are dealing with North. Did you  
3 tell him that it has been the policy of CIA not to mix the  
4 two?

5                   THE WITNESS: Any two -- no, I don't think I would  
6 have said that. It is his operation and I am charged with  
7 supporting him. We have already been over on whether we are  
8 going to be involved in it. So I have got to be a little  
9 careful about how I rearrange his support mechanism. And so  
10 I went back and got my facts.

11                   There was a little odor to both Secord and Hakim,  
12 and I think you have a lot of that data. There was a legal  
13 question at one point of whether Secord had been involved with  
14 the Wilson and Terpil connection with Libya, and I had heard  
15 a little something about that, and it wasn't clear in my mind  
16 whether he was out of that woods or whether he had been  
17 indicted at one point for it or cleared and I just didn't  
18 know.

19                   The same was true of Hakim. That was a name that  
20 for me smelled a little funny, because we had had -- I don't  
21 think I knew at that point how closely associated he was with  
22 Secord, but I did know that there was a -- there are a couple  
23 of questions in his background.

24                   As soon as I did that name trace when I got back,  
25 I knew that there were some allegations that Hakim had been

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CAS-25

1 involved in some illegal arms sales or illegal technology  
2 sales, something in U.S. to Iran. [REDACTED]

3 [REDACTED]  
4 [REDACTED] that it would cause us a lot of pause before  
5 we used him.

6 Now, North, on the other hand, assures me at every  
7 moment that Secord and Hakim are great Americans, a phrase he  
8 used a lot, and that these two gentlemen were doing their  
9 patriotic best to assist the U.S. in a very sensitive  
10 operation, and whatever Hakim's concerns had been, whatever  
11 Hakim's problems were before, North was going to help him  
12 clear those.

13 There was a problem because Hakim couldn't get into  
14 the Executive Office Building. When North tried to clear  
15 him into the building there was derogatory block so he  
16 couldn't come in the building, and that related to not  
17 agency, but FBI information on Hakim, which I didn't have  
18 access to.

19 I had a good reason to try and get him out of that  
20 operation.

21 MR. KERR: Just a couple questions. You are saying  
22 that North told you that Secord was handling things in  
23 Central America on the flight. What kinds of things was  
24 Secord handling for North in America at that time, if you  
25 know?

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CAS-26 1 THE WITNESS: Well, I think that conversation moved  
2 over pretty quickly to the point that was on my mind that  
3 I wanted him moved away.

4 MR. KERR: What did you understand him to be  
5 conveying to you?

6 THE WITNESS: I don't think there was any question in  
7 my mind that he was talking about his involvement in  
8 supporting para-military operations in Central America.  
9 I don't think I asked him any questions about it because I am  
10 pretty sure I knew without him telling me.

11 MR. KERR: On Hakim, you said that he told you Hakim  
12 was handling the European aspect of what North was doing.  
13 What did you take that to mean?

14 THE WITNESS: That was linked to the first phrase of  
15 the sentence.

16 MR. KERR: There isn't <sup>the</sup> war Ollie North was fighting  
17 in Europe so you thought he was doing something to help out the  
18 Central American convention in Europe?

19 THE WITNESS: I thought he was talking about support  
20 mechanisms.

21 MR. KERR: You had heard about Secord's bank  
22 account in Switzerland at the January 29th meeting?

23 MR. EGGLESTON: I have not asked him any questions  
24 about the bank account.

25 MR. KERR: You knew that the money --

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CAS-27 1

2 THE WITNESS: You are right. I think it was before  
3 29 January, in fact. If it wasn't, it was 29 January --  
4 I think I got that from North on the phone before that so,  
5 yes, I knew Secord was involved in the money trail.

6 MR. KERR: I believe that is when the item was  
7 discussed at the meeting 29 January which was the flow of  
8 money that would ultimately result in the delivery of weapons  
9 and one of the things mentioned at the January 29 meeting was  
10 that the money would come in from Iran through a couple of  
11 gates, ultimately end up in Secord's bank account in Switzerland  
12 is that right?

13 THE WITNESS: I don't remember whether it was at the  
14 January 29 meeting or on the telephone, but I do, and I  
15 have telephoned any number of times on this, there was a very  
16 clear statement by North to me that was memorable in which he  
17 said the money would come from the Iranians to the Israelis,  
18 meaning Mr. Nir or some account controlled by him, and then to  
19 Ghorbanifar and from Ghorbanifar into Secord's controlled  
20 account in Switzerland and then Secord would effect the  
21 transfer into our account.

22 MR. KERR : Neil is going to go into more detail.  
23 I am pursuing it now because of your discussion of Hakim on  
24 the airplane. When you used the reference Hakim was handling  
25 the European side of things, it was your understanding on the  
airplane that Hakim was handling the financial mechanisms for

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CAS-28

1 ~~Q~~ Secord's Central American operation, isn't that right?

2 THE WITNESS: I don't think I would limit that to  
3 financial. It would have been arrangements with arms merchants  
4 or with medical suppliers or with food or with boots or  
5 whatever needed to be done in Europe, it was my impression  
6 Hakim was in charge of that.

7 MR. KERR: And one of those things would be  
8 financing mechanisms?

9 THE WITNESS: Possibly, not necessarily, but  
10 possibly.

11 MR. KERR: At the time that you were told Secord  
12 handles things for North ~~and~~<sup>in</sup> Central America, Hakim handles  
13 things for North ~~and~~<sup>in</sup> Europe, you drew the connection, did you  
14 not, that the account that was going to be used by Secord  
15 would be handled by Hakim and would be the same account  
16 that had been used for the Central American venture with  
17 General Secord, isn't that right?

18 THE WITNESS: No, I did not make that connection.  
19 I still wouldn't. It doesn't have to be the same at all.  
20 Either one of the gentlemen could handle any number of accounts.

21 BY MR. EGGLESTON:

22 Q When you indicated that you thought that General  
23 Secord was handling a para-military operation in Central  
24 America for Colonel North, where did you obtain that  
25 information? Where did you derive that understanding?

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CAS-29

1           A     Well, I think it is derived from even at this  
2 early date -- see, I had been working with North roughly a  
3 month by that time -- I think it is derived not from any  
4 explanation, but rather from the vibes, if you will, of calling  
5 his office almost every day with an additional question or an  
6 additional logistics detail and there being nobody else there  
7 to discuss, it was all the North account, there would be  
8 days when I couldn't deal with him. He just was -- and  
9 as you know, and I think we have talked about this once  
10 before, there are two sides to North.

11                     One is sort of secret and compartmented, and another  
12 one is sort of boyish and boastful, and it would be in  
13 character for him to say I won't be here tomorrow, I  
14 will be down south, and then for him to say, yes, it was a  
15 quick trip and I flew all night and I came back and I  
16 haven't slept for 48 hours, always complaining about how busy  
17 he was and how terribly overworked.

18                     It is from that kind of what the Germans call  
19 "fingerspitzen gefuhl" -- just from the smell of it that I had a  
20 pretty good idea that North was spending a lot of his time on  
21 Central American things.

22           Q     Let me get back to the meeting of the 29th. As I  
23 recall, there was some discussion at that meeting about the  
24 price of the TOWs, that as of that date you had already obtained  
25 a price of \$6,000 per TOW, and probably gave that price to

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CAS-30 1 Colonel North. Do you recall any discussion about the  
2 price of the TOWs at that meeting? That the price was too  
3 high?

4 A There is an awfully lot of discussion about price  
5 in the Army I.G. report, which you may wish to look at,  
6 because the Army I.G. would have to go into this in great  
7 detail.

8 General Russo's problem, a little like mine, was that  
9 he was given two or three days to come up with a price. And  
10 he did the best he could in two or three days, but the  
11 price he came up with the Army I.G. has now found is not the  
12 correct price. The Army I.G. took 90 days to figure that out.  
13 The GAO has also done an investigation and they have  
14 determined that the Army I.G. price wasn't right either. I  
15 am saying that because that has a lot to do with the confusion  
16 on the prices.

17 The initial price was precisely -- it was Russo  
18 telling me it was going to be something around \$6,000 per.  
19 And I recall telling North that and he recalled -- it  
20 doesn't make any difference to me whether they charge three  
21 or six or nine -- I recall North saying, well, that is too  
22 high, they must be giving you a brand new missile replacement  
23 cost figure, and they should be charging for the oldest model  
24 of TOW in stock.

25 We don't care whether these things in fact work real

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CAS-31<sup>1</sup>

2 well. Tell the Army that we want the oldest thing they can  
3 find in the warehouse. So I went back to Russo and said,  
4 let me make clear we don't need the very best, latest thing  
5 right off the factory line.

6 It probably shouldn't be replacement cost for a new  
7 TOW. And so he said, okay, we will do that. Then at that point  
8 it moved into -- there is a guy in Russo's shop named Simpson,  
9 and he worked directly with [REDACTED] and these two  
10 logistics fellows came back with a price --

11 Q Of around \$3400?

12 A I am not sure. But it was around \$3400.

13 Q Just under 35.

14 A Yes.

15 Q Colonel North's statement, I don't really care  
16 if they work very well, strikes me as a little surprising  
17 in the context of the initiative. At least at some level  
18 it was supposed to have a strategic dimension to it. Was  
19 that just a flip remark by him?

20 A I thought it was. I didn't think he really  
21 meant that.

22 Q Who was the CIA selling these TOWs to?

23 A The CIA -- well, we were buying them from DOD.  
24 What I needed to do was provide to the NSC, to Colonel North,  
25 exactly the amount of money that was needed from the NSC to  
cover our costs to DOD plus whatever other logistics costs

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CAS-32 1 we had.

2 I think the U.S. Government was arranging to sell  
3 them through the mechanism to the Iranians, is that what you  
4 were driving at?

5 Q Yes, that is. Did you ask Colonel North what it  
6 was that General Secord was doing in the logistics operation  
7 that the CIA could not do?

8 The CIA has proprietaries and methods of transporting  
9 weapons and everything else [REDACTED]  
10 Did you discuss with him what it was that Secord was doing  
11 that the CIA hadn't done on the institutional basis most  
12 times before?

13 A I had to probe with Secord being in the  
14 finance chain because it provided a cut out between the  
15 Israeli Government and the CIA funds, [REDACTED] and  
16 I wasn't particularly anxious for an Israeli Government  
17 entity to know what my account was.

18 So that was perfectly all right with me. The  
19 logistics chain again was one of those fait accompli<sup>s</sup> which  
20 wasn't any real discussion -- it was laid out for me that that  
21 was the way it would be arranged. And I was happy enough --  
22 again, you have to put this in the context of the moment  
23 that we had early, the second half of January, early  
24 February, we were in a little pain for having had  
25 Ghorbanifar shoved down our throats on this, and I wasn't

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CAS-33 1 in a very strong position to argue with North. The best I  
2 could do was try and influence him and I felt pretty  
3 good about my ability to have -- by the end of February --  
4 to have gotten Secord and Hakim out of the meetings, although  
5 it was North's clear intention that he wanted them kept in  
6 there.

7 I did not get them out of the logistics and  
8 finance mechanism, which would have been my preference,  
9 too, but I didn't even try.

10 Q You had mentioned last time we spoke that you were  
11 not unhappy to have Secord in the finance chain because it  
12 put a break between the agency and the Israeli account. I  
13 didn't quite understand it then and I don't quite  
14 understand it now.

15 The agency must have all sorts of accounts that it  
16 opens for a particular purpose [REDACTED] and  
17 then closes down, and I am certain they are not opened under  
18 the name of CIA, so it doesn't really, I would think, reveal  
19 too much to the Israeli Government anything about the  
20 agency, the fact that you give them an account number and  
21 they deposit in an account and as soon as the operation is  
22 over I take it the account will be closed anyway.

23 I understand as to this particular account and the  
24 purpose, although before too many months had gone by it  
25 was closed out or the Iranian aspect was transferred. What

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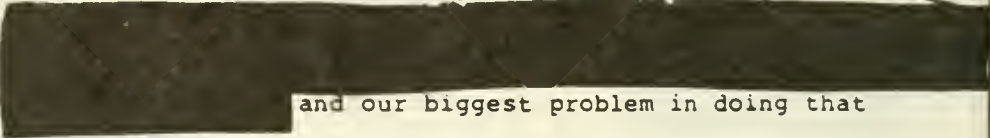
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CAS-34 1 was Secord doing for you that you must not do all the time  
2 with various different other governments, unsavory  
3 individuals you must have to deal with in financial  
4 arrangements -- I am not sure I quite understand that  
5 explanation.

6 A I can understand why you wouldn't <sup>because</sup> ~~be~~ that is a  
7 peculiar part of our business, I think, and it is one of those  
8 things that sort of comes naturally or second-hand to me for  
9 having thought that way for 25 years.

10 I end up as having trouble understanding why  
11 you don't understand.

12 The problem with the Israeli part of it in the  
13 Middle East is that we work pretty hard at having

14   
15 and our biggest problem in doing that  
16 successfully is being pictured as too close to the Israelis  
17 strategically, the whole U.S. Government or CIA in  
18 peculiar operations.

19 One of my concerns in this operation from the  
20 beginning, and shared by those of us who had some doubts about  
21 it, was that the blow-back potential for having been a part of  
22 selling American weapons that had been refused to Arab govern-  
23 ments to Iran, which was deeply involved in a war with Iraq,  
24 could cause pretty sizeable problems.

25 The decision had been made in the White House, but

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CAS-35 1 we didn't particularly like it. [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6

But it was clear that they were not a part of this operation. We were told that they were not to be included in any way or made known that it was even happening.

9

And that made me very nervous, because there is some possible internal blow-back [REDACTED]

10

11 [REDACTED]

as opposed to this one guy who is a little strange, Mr. Nir, working out of the Prime Minister's office [REDACTED]

13

14 [REDACTED]

Colonel North, is collecting intelligence directly from the Prime Minister's office [REDACTED]

15

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22

Aquille Lauro highjacking [REDACTED]

23 [REDACTED]

24

control North's intelligence activities, and we in

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our part were saying, well, we will control him about the time

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CAS-36

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BY MR. EGGLESTON:

Q Let me move you to your first trip to Frankfurt, which I think took place around the 19th and 20th of February.

As I recall from other reading, you went on two occasions fairly close together, is that correct?

A That is correct.

Q Your second trip, just so we are in the ball park, is --

A Twenty-four, 25.

Q According to the documents that I have seen as of the 13th or so of February, the Agency notifies Major Simpson, I think, that approximately \$3.5 million is now available, and the processes of transporting the TOWs and getting them moving has started.

Let me ask you, as of the date that you first go to Frankfurt, have any TOWs been delivered to Iran?

A No. Well, I am sorry -- yes, back in September.

Q I'm sorry, I asked that imprecisely.

Had any of the February TOWs arrived --

A No.

Q What was the -- and yet the money had been deposited so the process had really begun?

A That was at my insistence. We -- and again, this relates to ensuring that the Agency was not out of pocket -- the Agency insisted that we had to have money

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1 in our account before we would order, put in a firm order  
2 to DoD.

3 Q What was the purpose of the 19th, 20th of  
4 February trip?

5 A The purpose was to meet with [REDACTED] who  
6 was coming out from Iran.

7 Q And I take it he was not out?

8 A He didn't come.

9 Q Was it your understanding -- let me ask it this  
10 way. What was your understanding of the arrangements with  
11 regard to the delivery of the TOWs and the release of the  
12 hostages as of the time of that meeting? Did you think  
13 that the hostages were about to come out? How many did  
14 you think were coming out?

15 A We had in our hand by that time the scenario  
16 that I described to you that is also in your hands, and  
17 that was my understanding.

18 The essence of that was first delivery of 1000  
19 TOWs, all hostages are released, and then a series of  
20 additional steps leading to a strategic meeting somewhere,  
21 maybe in Europe or maybe on an island off Iran, and then  
22 additional weapons being delivered.

23 Q I take it by additional weapons you mean the  
24 remaining, I guess, to Iran, it would be the remaining  
25 3000 TOWs?

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1 A That is right.

2 Q What was the purpose, then, of meeting with

3 [REDACTED] Was that a meeting that had to take place  
4 before any TOWs were going to be delivered? Why is it  
5 that your --

6 A The money having been deposited was their first  
7 step to show that they were serious. The next step was  
8 this meeting to lay out an agreement on what the following  
9 steps would be.

10 The scenario that you have seen and I have seen  
11 was one that was worked up by North as a result of communi-  
12 cations coming to him from Ghorbanifar that what we needed  
13 now was to actually sit down with an Iran<sup>Iran</sup> and verify that  
14 his understanding was the same as ours.

15 Q How did Mr. Ghorbanifar explain the absence of

16 [REDACTED]  
17 A He said he would be coming the next day,  
18 probably the day after that, but certainly coming at  
19 any moment.

20 Q I take it from your tone of voice, which is  
21 not reflected on the transcript, that you didn't necessarily  
22 believe this assertion?

23 A Well, neither did Colonel North. In fact,  
24 Colonel North was very angry about it. And we simply  
25 turned right around and Colonel North said, after a

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1 fairly short discussion -- I am not sure that I remember  
2 exactly; it may have been as much as two hours -- we simply  
3 turned around and went back to the United States with an  
4 instruction that when [REDACTED] actually physically  
5 arrived and was seen to be present in Europe, that we would  
6 come and meet him again.

7 Q Up to this time, to your knowledge, I take it,  
8 had Colonel North ever met with [REDACTED]?

9 A No, I am quite sure not.

10 Q It does turn out, then, that within a couple  
11 of days you do go back --

12 A Yes.

13 Q And meet?

14 A Four or five days.

15 Q My notes suggest it was around the 24th of  
16 February. This is the meeting that you have described,  
17 the conversation you have had with Colonel North on the  
18 plane on the way back?

19 A That is correct.

20 Q That is this meeting.

21 Let me tell you who I understood was there  
22 and maybe you can tell me whether this list is accurate.  
23 Mr. Secord, Hakim, North, yourself, Ghorbanifar and  
24 [REDACTED]

25 A The only one you have left out is Mr. Nir from

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1 Israel.

2 Q And that meeting was also in Frankfurt?

3 A Yes.

4 Q Who was the subject of that discussion?

5 A Well, we met in -- fairly late in the evening  
6 in [REDACTED] hotel suite and the subject was in  
7 essence a discussion of the various steps that would take  
8 place in the scenario.

9 Q The various steps remaining in the original  
10 scenario involving the TOWs?

11 A It also included discussion of a strategic  
12 meeting to take place between very high-ranking Americans  
13 and suitably equally high-ranking Iranians.

14 It also discussed other weapons, because the  
15 Iranian from the beginning of the conversation said,  
16 No, no, you guys have got it all wrong. Mr. Ghorbanifar  
17 has told me that you promised to deliver a lot of Phoenix  
18 missiles. The Phoenix is an air-to-air missile. I had  
19 never heard that before, that Phoenix missiles had ever  
20 been raised. Colonel North said that he had never heard  
21 anything about Phoenix missiles.

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8 meeting saying, Never happened, never heard about it.

9 What that may reflect is simply that Ghorbanifar never  
10 said anything to North about Phoenixes. And the whole  
11 tenor of the meeting was as I have often described,

12 Ghorbanifar having lied to both sides to get them to the  
13 table. He then was at the table to watch us have a  
14 fight.

15 Q The thing is, though, that he was also seated  
16 at the table.

17 A Yes, he was, and he was working like crazy to  
18 try and put it together. He had successfully done what  
19 he had set out; he got us at the same table, not a minor  
20 achievement. But he then had a lot of work, and I will  
21 have to say in fairness to him that he was working harder  
22 than anybody else there, and that he was attempting to  
23 intellectually or by argument persuade [redacted] who he  
24 did not clearly hold in high esteem, to get along, make  
25 it work, keep this thing going.

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1 That meeting ended early in the morning, 1968  
2 at 9:30 a.m., and it was a disaster. There was essentially  
3 no agreement whatsoever in anything.

4 North did say at that meeting, Mr. [redacted], we  
5 will take the next step. You just call me the word and  
6 I will pick up the telephone and a thousand US\$ missiles  
7 will be on their way to Iraq. And then the shoe will be  
8 on your foot and you have arranged within the next few  
9 days, I want you to take care of releasing all the  
10 hostages. That is a big problem -- those hostages. You  
11 have got to understand that. North was saying that that  
12 in terms of the United States is an impediment to us  
13 doing the rest of the strategic arrangement. In order to  
14 have a breakthrough, in order to develop a relationship  
15 with Iraq, we must first get rid of that problem. If  
16 you take care of that and then we can move on to those  
17 next steps.

18 Q And you would describe that meeting as generally  
19 a disaster?

20 A Yes. We had a second meeting the following  
21 morning for breakfast at which [redacted] was saying things  
22 like, I will take ten steps for every step you take. And  
23 this will all work out.

24 We have a big problem with the hostages for  
25 our own political reasons, but we can handle that. It

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1 will be a big price for us, which we took to mean it might  
2 ruin the Hizballah-Iranian relationship.

3 He said, ~~How~~ever, if you do something really  
4 big, get those Phoenix missiles for us, we might need  
5 only a couple thousand, and there might be some other  
6 things -- but there was a much more forthcoming, yes,  
7 there is a strategic plan here; yes, we will deliver;  
8 yes, we will start on the hostages. You might not get  
9 them all immediately, but we will at least start on it.  
10 There might have to be a meeting before the release of  
11 all of the hostages -- that big strategic meeting -- and  
12 there was, I think, some discussion about that meeting  
13 might take place at an island off -- there was a specific  
14 name of an island --

15 Q Kais. Is that essentially the note, then, on  
16 which the meeting ended?

17 A Yes, and it was a fairly positive note.

18 Q Positive in some sense, but I take it within a  
19 couple of days there was a decision -- I think there were  
20 a couple of meetings -- within a couple of days after  
21 that, there was a decision to send the TOWs?

22 A No. North had the authority to send TOWs  
23 right there when he made a phone call to a waiting  
24 Secord to -- and the TOWs by this time were in Israel,  
25 to cause the TOWs to be delivered over the next two nights

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1 into Iran.

2 Q I take it, then, as of the time, though, that we  
3 delivered those thousand TOWs, 500 of each slice, it was  
4 clear that that was not going to result in the release of  
5 all the hostages?

6 A That is clear. In my recollection, we were  
7 going to get a couple.

8 Q That is what I was going to ask you.

9 A Quickly, immediately.

10 Q I have sort of lost track of how many there were  
11 as of this date.

12 A Five, I think.

13 Q Was it your understanding that we would get  
14 two hostages as a result of the transfer?

15 A I think that was a little fuzzy. Maybe all  
16 five, but maybe only a couple, and the rest to be -- I  
17 can recall something about the rest after the strategic  
18 meeting.

19 Q At the strategic meeting, though, it would also  
20 have to be accompanied by another major arms delivery,  
21 the strategic meeting itself --

22 A That wasn't at all clear. Yes, after the  
23 strategic meeting, after the release of the hostages,  
24 the shoe was on their foot, then the remainder of the  
25 TOWs would be delivered.

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1 North's answer on the Phoenix was a very strong,  
2 You don't know how to use Phoenixes. The Phoenix isn't  
3 what you need. That is a dumb idea. What you need are  
4 TOWs. You have an agreement with TOWs; you asked for  
5 TOWs; we are going to give you TOWs.

6 Q Did Hawk parts come into this?

7 A And he offered, I think, to provide some data  
8 to prove that -- his point, that for one thing, they had  
9 almost no air force flying. For another thing, most of  
10 the F-16s and the avionics necessary to make the missiles  
11 work weren't available anymore. I think he laid that out  
12 for him.

13 He said essentially [REDACTED] look, you may  
14 be smart, but you don't know anything about your own  
15 needs.

16 The Hawk spare parts did not come up. That  
17 was a surprise provided by Mr. Ghorbanifar at the Paris  
18 meeting, the March meeting.

19 Q The meeting you did not attend?

20 A No, I did attend.

21 Q I had forgotten you had attended that.

22 A Seven March.

23 Q After returning from that meeting, the meeting  
24 in late February, I take it that is the time then that  
25 you meet with Mr. George and recommend that Hakim be taken

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1 out of the translator business and that another individual  
2 be brought in; is that correct?

3 A That is right.

4 Q Did you recommend George Cave?

5 A No, I think that was Clair's idea.

6 Q Did you know George?

7 A Oh, yes.

8 Q Does there come a time, then, shortly after you  
9 return when you have a meeting with Mr. Casey and Mr.  
10 Poindexter about this general initiative?

11 A Yes. After that February meeting, we did have  
12 a meeting in Poindexter's office. Was Casey there --  
13 Poindexter and North --

14 Q Some participant has reported that Casey was  
15 there.

16 A I think he was. Casey, somebody else and  
17 myself.

18 Q Clair George?

19 A I don't know. I have forgotten. But Casey  
20 definitely was there.

21 Q Was the subject of that discussion just what  
22 you were going to do next?

23 A The subject of that meeting was essentially a  
24 trip report by North to lay out for Poindexter -- and, as  
25 I recall, we still thought we were getting a hostage

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1 release momentarily, but then the discussion that there  
 2 would be these other steps still leading toward something  
 3 strategic. And, of course, there was a great deal of  
 4 discussion about the problems with Ghorbanifar, including  
 5 a description that Hakim had a couple of asides sort of  
 6 in and out of the way -- in and out, leading into meetings  
 7 and going back out, in which he said to [REDACTED] This  
 8 isn't going very well because of this guy Ghorbanifar.  
 9 And [REDACTED] was saying, Yes, he is lying to all of us.  
 10 So there was the beginning of a possibility, and this was  
 11 definitely in North's mind, a possibility to move  
 12 Ghorbanifar out of the operation.

13 Q I take it that these conversations -- did

14 [REDACTED] speak any English at all?

15 A No, not at all.

16 Q I take it these conversations are reported  
 17 to you?

18 A I am told his Farsi is lousy. He is not an  
 19 educated man. No, no English at all, not a word.

20 Q So these are conversations reported to you by  
 21 Hakim?

22 A Yes.

23 Q Was there a recognition that getting Ghorbanifar  
 24 out would also require getting Nir out? Was there a  
 25 discussion about that?

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1 A That came a lot later.

2 MR. KERR: Let me interrupt. In terms of  
3 Hakim's discussions with [REDACTED] about Ghorbanifar having  
4 lied, are you telling me that those asides took place at  
5 the meeting in Frankfurt?

6 THE WITNESS: No. They were sort of in the  
7 privacy of the commotion of everybody getting up from the  
8 table and starting to move out, and then Hakim is sort  
9 of semi-clandestinely moving over --

10 BY MR. KERR:

11 Q Whispering behind his hand or something?

12 A Not obviously, but while others are busy doing  
13 other things and I think there may have even been a phone  
14 call from Hakim to -- direct to [REDACTED] office.

15 Q Were you aware by March 7th that Hakim had made  
16 at least one telephone call to [REDACTED] trying to split  
17 [REDACTED] away from Ghorbanifar?

18 A Yes.

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22 Q Were you aware that Ghorbanifar knew of the  
23 call and had reacted to that?

24 A Yes. He knew because Ghorbanifar told him.

25 Q Were you aware that Charlie Allen was monitoring

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1 these conversations through conversations he was having  
2 with Ghorbanifar about these very things at that time?

3 A I was aware that North didn't want to be called  
4 directly by Ghorbanifar, and so he was using Charlie, who  
5 was dealing with Ghorbanifar on this terrorism nonsense --

6 Q That was what you were told --

7 A To take calls -- yes, that is right -- that  
8 he was taking calls on and being a conduit for messages  
9 to North on this.

10 Q Am I correct, then, by the early part of March,  
11 Allen had told you that he had been called by Ghorbanifar  
12 who was complaining about Hakim contacting [REDACTED]

13 A I knew that from North [REDACTED]  
14 and maybe from Charlie, I am not sure.

15 Q At that time had you seen any tape recordings  
16 that Mr. Allen made of telephone conversations that he  
17 was having with Mr. Ghorbanifar?

18 A No. I didn't know about those.

19 Q You had no knowledge of any such tapes at any  
20 time, January through that period of time?

21 A No.

22 Q Do you have that knowledge today?

23 A I have heard that he made tapes.

24 Q Do you know of tapes that he had from the  
25 February-March, 1986, period of time?

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1           A     I don't know anything about the time of those  
2 tapes or when he started or when he finished or how many  
3 he had.

4           Q     Or where they are today?

5           A     I understood they were all handed in.

6           Q     Have you seen the tapes?

7           A     No.

8           Q     You haven't listened to them either?

9           A     No.

10           BY MR. EGGLESTON:

11           Q     Mr. McMahon resigns in early March; is that  
12 right?

13           A     I don't remember the date. I am sure if that  
14 is the date you know that is the accurate date.

15           Q     Did his resignation have anything to do with  
16 this mission if you know?

17           A     I wondered at the time if that wasn't one of  
18 the problems.

19           Q     Because he was so strongly opposed?

20           A     Yea, but I don't have any certain knowledge of  
21 that. He was being beaten up pretty badly by an element  
22 that was accusing him of being soft on ██████████ issue,  
23 and there was a big letter campaign that had been mounted  
24 in 1985 against John McMahon personally that really  
25 deeply disturbed him.

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1 Q This was a public campaign?

2 A This was a public campaign, thousands of  
3 letters to Congressmen attacking John McMahon for being  
4 soft on Communism and not letting the Muj push back the  
5 Russians. It was nasty stuff.

6 I assumed that that was a major part of it.  
7 That was a lot of nonsense and he didn't feel it was  
8 justified, and he just didn't want to be a part of it.

9 Q Let me get you to the March 7th meeting, 1986.  
10 I take it that again was yourself, Colonel North, by this  
11 time George Cave is involved, and it is in Paris, I guess.

12 A And Mr. Nir.

13 Q And Ghorbanifar?

14 A Yes.

15 Q So Nir and Ghorbanifar are still involved  
16 and by this time, no hostage has been released?

17 A That is correct.

18 Q As you went to this meeting, what was your  
19 understanding of the purpose of this meeting?

20 A To get the whole mechanism back on track.

21 Q I take it at this meeting the Hawk issue, the  
22 Hawk parts issue comes up?

23 A Yes. They had allegedly gone back to Iran  
24 and they decided that it looked to Ghorbanifar as though  
25 [REDACTED] was having trouble getting political approvals,

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1 that we had not provided enough to solve his internal  
2 political problems, and that they had done a re-look at  
3 their military needs and decided they didn't need any  
4 more TOWs at all, and that maybe we were right on Phoenixes,  
5 they were still thinking about that, but what they really  
6 needed was a whole lot of spare parts for Hawks, and he  
7 presented a list of those parts needed. I have forgotten  
8 how many items, 260 or 240 or something, some of which  
9 were one or two of, but some of them were 20 or 30 or 44  
10 of one item.

11 This didn't seem to make much sense in terms  
12 of logistics to somebody who knew anything about the  
13 weapon.

14 But the rest of the meeting was sort of Nir  
15 encouraging us to believe that if you had the patience  
16 to stick with this, that it still was going to work just  
17 fine, and that Ghorbanifar was a problem solver and  
18 could -- if we could just adjust to this latest curve  
19 ball, that release of the hostages was around the corner,  
20 and after that we could proceed with the strategic  
21 meeting.

22 Q How did Mr. Ghorbanifar explain the failure  
23 to have a hostage released?

24 A There was a lot of anger thrown around the  
25 room on that. Essentially Ghorbanifar saying [REDACTED]

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1 was accusing us of bad faith and breaking promises and  
2 that he was in the middle and that we hadn't done every-  
3 thing that we had promised to and the intelligence that  
4 we brought for the Frankfurt meeting was garbage and  
5 wasn't what they had asked for. In other words -- and  
6 this was typical Middle Eastern tactics -- whatever you  
7 do isn't any good, and whatever deposit you have made  
8 doesn't really count until you start walking out of  
9 meetings and then they have to call you back in to  
10 complete the purchase of the rug. It was really kind of  
11 low-level merchant tactics.

12 Q Was there agreement on behalf of the American  
13 delegation that we would pursue the Hawk parts?

14 A Not then, because North was very skeptical  
15 that he could sell that to Poindexter, that he could  
16 keep this thing open. There was some -- there is an  
17 awful lot of pressure from Washington that it is time for  
18 the Iranians to deliver. We had done our thing and now  
19 it was time for them to release all the hostages.

20 And Poindexter was saying through these  
21 months, that step, Don't forget, release all the hostages.

22 Q And by this time, they didn't even have one.

23 A And if we don't get hostages, then the whole  
24 thing is shutting down. We aren't going to do this.  
25 So North was very concerned that the whole thing was going

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1 to turn off and Nir was doing his best to find ways of  
2 negotiating, find a new path to find something that would  
3 work.

4 Q It was at this meeting that George Cave, as  
5 did his memorandum that Ghorbanifar mentioned, that the  
6 profits from this sale [REDACTED]  
7 [REDACTED] might also be used to help -- I can't remember exactly  
8 what it said -- the Nicaraguan contras or contras or  
9 Freedom Fighters.

10 Do you recall Ghorbanifar saying that in the  
11 meeting?

12 A I don't. I recall very distinctly that he  
13 said, Once we deliver additional TOWs, that a part of  
14 that -- a part of those additional weapons, and maybe it  
15 wasn't just TOWs, that something like a 10 percent slice  
16 of that, whether Iran will donate [REDACTED]  
17 [REDACTED] We will deliver those -- 10 percent of  
18 those.

19 Now, that is Ghorbanifar talking and I frankly  
20 didn't take him seriously, because there wasn't any  
21 discussion of that in Frankfurt, and I didn't think he had  
22 that from the Iranians. [REDACTED]

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[REDACTED]

So I frankly didn't take that seriously at all.

MR. KERR: The 10 percent representation was made at the March 7 meeting or prior to March 7, that 10 percent of something [REDACTED]

THE WITNESS: Weapons, 10 percent of the weapons we delivered to Iran, Iran would pass on [REDACTED]

[REDACTED]

BY MR. KERR:

Q Ghorbanifar made that representation at the March 7 meeting?

A I believe that is right.

Q I thought they said they didn't want any more weapons, they wanted Hawk spare parts.

A They didn't want any more TOWs.

Q Ten percent of what?

A Weapons. In addition to the Hawk spare parts, the strategic thing would still lead to unstated, unknown weapons deliveries.

Now, you have got a point, because it may be that those -- that mention [REDACTED] came up in the Frankfurt meeting. You know, I recall that TOWs were connected.

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1 Q There were no missiles under the Hawk missile  
2 parts that you all had on the table, I take it, at least  
3 by the time you closed the March 7 meeting; is that right?

4 A That is correct.

5 Q So you were just talking spare parts at that  
6 meeting?

7 A That is right.

8 Q With regard to the Cave note, you have no  
9 recollection of that being mentioned in your presence  
10 on March 7th?

11 A No, I don't.

12 Q Do you recall Cave telling you that he heard  
13 such a thing being said?

14 A I saw it when I read the memo.

15 Q You would have read it about that time, right,  
16 within a month or so of the meeting?

17 A I don't know. Did he write that?

18 Q Maybe I am mistaken.

19 A I am not sure whether he wrote that then or  
20 later.

21 BY MR. EGGLESTON:

22 Q Let me show you CIIN No. 251 and since I deposed  
23 Mr. Cave, he has identified this as his summary of the  
24 meeting, and I believe he testified that he did this at  
25 his home on a typewriter shortly after the meeting.

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1                   Page 2, paragraph 12 is his reference, paragraph  
2 12 being the last paragraph, is his reference.

3                   A     Well, I don't know whether I saw that or not.  
4 If I had, I assure you that I would have regarded it like  
5 everything else that Ghorbanifar said.

6                   Q     The only difference, though, between that state-  
7 ment from Ghorbanifar and others that you might have  
8 regarded skeptically is that you are aware that Colonel  
9 North has this heavy, some say almost passionate involve-  
10 ment in Central America, so that it is not one of these  
11 unrelated -- in fact, it is --

12                  A     But you see, North didn't pick up on that, at  
13 least at the meeting. I would have remembered if there  
14 had been a long conversation about, well, how do we do  
15 that. We are a long ways behind that at the time, but I  
16 would have thought that if North was really interested  
17 in that and thought that was just the dandiest idea that  
18 he might have discussed that with George and I on the way  
19 back on the airplane, because we talked about -- we talked  
20 all the way home about the whole thing. And that he got  
21 very carefully compartmented. There is a whiff, yes.

22                  Q     Did you ever talk to Cave about this particular  
23 aspect of the March meeting?

24                  A     No.

25                  Q     In late January of 1986, Charles Allen had been

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1 told by Ghorbanifar --

2 MR. KERR: January 26th, you have a tape of that  
3 conversation, as a matter of fact.

4 THE WITNESS: Who has a tape?

5 MR. KERR: The CIA has a tape of a conversation  
6 between Mr. Allen and Mr. Ghorbanifar dated January 26,  
7 1986, in which Ghorbanifar again talks about donations for  
8 Ollie's boys in Central America.

9 There are two additional references Mr. Allen  
10 has in February of 1986.

11 BY MR. KERR:

12 Q Did he bring those matters to your attention?

13 A No.

14 Q Mr. Allen also has dismissed those as being  
15 expansive remarks on Mr. Ghorbanifar's remarks. Have  
16 you and Mr. Cave and Mr. Allen talked to each other about  
17 how you would talk to people outside the Agency about the  
18 remarks?

19 A Definitely not.

20 BY MR. EGGLESTON:

21 Q Was there a discussion about the pricing of  
22 the TOWs, how much they were going to cost?

23 A What is the time --

24 Q The early March meeting, March 7th.

25 A The price of the TOWs --

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1 Q I'm sorry, the price of the Hawk parts.

2 A No, there is no discussion of the Hawk pricing  
3 because this is brand new, slapped on the table by  
4 Ghorbanifar.

5 It was a surprise to me, and we had to go back  
6 and start work on pricing and see what would be available  
7 and how much.

8 Q Was there any discussion at this meeting in  
9 early March of the pricing of the TOWs, how much the  
10 Iranians had paid for the TOWs?

11 A No, not to my recollection.

12 Q There was no complaints or anything or any  
13 discussion about the amount at that time?

14 A There may have been [REDACTED]

15 [REDACTED] Because we were trying to figure out pricing  
16 and costs [REDACTED]

17 Q Pricing of the Hawks?

18 A Yes -- well, also the TOWs. How much did the  
19 Iranians pay, how much was Ghorbanifar taking as his  
20 cut. We couldn't put that together.

21 Q Or in retrospect, whomever.

22 A Yes, that is right, whomever. The part of the  
23 problem being that [REDACTED] -- I'm sorry -- Ghorbanifar  
24 was doing other deals, arms deals for [REDACTED] in  
25 Europe, not with us, [REDACTED]

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Q After returning from this meeting, were there meetings within the Agency about whether or not to continue with this program?

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A I don't remember. I would think that I would have gone back upstairs and reported to Clair George -- it would be unusual if I hadn't. But I don't have a clear recollection.

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As I recall, there was some -- there were some days where North was very worried about whether he was going to be able to talk -- explain it to Poindexter and get an approval to continue. I did not, to my recollection, attend meetings that laid that out. I probably did have a meeting with Mr. Casey and George Cave and Clair George to describe to him what had happened and where it looked like it was going.

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Q I am really now basically talking about the rest of the month of March. Do you recall any meetings that you had with Admiral Poindexter about whether or not this initiative should continue?

24

25

A I don't remember any. The only meeting I recall with Poindexter was that February meeting when we came

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1 back in his office, and I don't recall a second meeting  
2 with him on that.

3 Q I am about to get to the April 3rd meeting.  
4 This is probably a good time to take a break.

5 (Recess.)

6 BY MR. EGGLESTON:

7 Q [REDACTED] let me ask you, there was a  
8 meeting which was held with Mr. Ghorbanifar on April 3  
9 and 4 here in Washington, and I take it you attended --  
10 let me separate them.

11 I understand that Mr. Ghorbanifar comes in the  
12 afternoon of the 3rd and goes out on the 4th. Did you  
13 attend any meetings on the 3rd?

14 A I don't know which date I attended. I attended  
15 one meeting at his hotel room, and I think that was the  
16 last one just before he departed.

17 Q Who else was present?

18 A Cave and North and Mr. Nir. I was trying to  
19 remember.

20 This says Nir was present, and that is correct,  
21 he was present. No, I'm sorry, I don't know. I looked  
22 at the wrong line. I don't know whether -- this says Nir  
23 was not present.

24 Q Was Charlie Allen present during any of the  
25 period of time that you were there?

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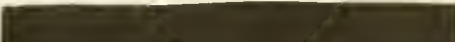
1           A     No, not to my recollection.

2           Q     What was the subject of the conversation that  
3 you had, or the conversations in which you participated?

4           A     Well, I don't remember that meeting well at all  
5 and frankly I am not sure I have ever gone through it in  
6 the ten previous times I have testified.

7                     I think everybody wore me out before we got to  
8 April. I think it was --

9           Q     I have got lots of pages left.

10          A     I think George Cave would remember it much better  
11 than I do because by this point, he was attempting to  
12 make sure that North understood Iran and methods of nego-  
13 tiating and what it meant when Ghorbanifar was saying this,  
14 and I recall a lot of discussion about what Ghorbanifar  
15 was driving at and whether he really was representing  
16 the Iranians in what he said, 

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18                     Now, this is the next step in trying to put  
19 the damned thing back together to make it work in some  
20 fashion, so there were discussions about the spare parts  
21 because we were trying to figure that out. And I think  
22 Ghorbanifar, for his part, was trying to make the demands  
23 of what would be necessary to make the May -- what  
24 eventually happened, the May meeting work, which included  
25 another batch of intelligence, as well as Hawk spare parts.

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1 Q Do you recall at this meeting whether by this  
2 time you had arrived at a price that the Central Intelli-  
3 gence Agency was going to pay to the DoD for the parts  
4 that would be obtained?

5 A No, I do not.

6 Q Do you recall any discussion at this meeting  
7 about the price that the Iranians were going to be charged  
8 or any discussion whatsoever about the pricing of these  
9 parts?

10 A There was some discussion during that period  
11 about how we would provide those that could not be --  
12 that were not available in the warehouse, and North was  
13 exercised that some of the things that they were demanding  
14 weren't available, and he had us go back through the  
15 logistics channels several times to try and find those  
16 parts because he was afraid of not being able to deliver,  
17 and he was -- he was urging me to see if we couldn't  
18 figure out a way to make those parts that were not  
19 available in the DoD stocks, which I told him was perfectly  
20 ludicrous idea, because you don't do that without less  
21 than a couple of years of starting time and it is very  
22 expensive. The timing was such that, yes, there should  
23 have been discussion --

24 Q That is my notion.

25 A At that April meeting.

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1 Q That is a time at which you are about a month  
2 away from when he gave you the list and you are not,  
3 although the meeting doesn't take place in Teheran for  
4 another six or seven weeks, it appears that at the time you  
5 think it is going to be much closer than that.

6 A Yes.

7 Q You are obviously sufficiently aware of the  
8 Tower report that it appears at least it is right after  
9 this meeting that Colonel North writes what turns out to  
10 be the hot document.

11 A No, I didn't realize that. Part of the explana-  
12 tion for this -- my fuzziness on this may be that at this  
13 point, unlike the first -- unlike the first transaction  
14 in which I handled all the details and all the phone calls,  
15 both logistics and the finance and the DoD connection,  
16 by this time I had turned that part of this mechanism  
17 over to [REDACTED] who was the Iran Branch chief.

18 Q Are you chief by this time?

19 A I think shortly after that, and I have forgotten  
20 the date, whether it was the end of April or early May  
21 that I became chief. I think it was early May. But in  
22 either case, the logistics part of it had been moved down  
23 a notch because I just didn't have time.

24 Q But [REDACTED] didn't attend any meetings with  
25 Ghorbanifar --

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1 A Definitely not.

2 Q You just don't recall any discussion of pricing  
3 at this meeting?

4 A That may have taken place, but I don't know  
5 that it did.

6 Q What arrangements were made as of this meeting  
7 if you recall about delivery of the hostages? By this  
8 time, it has now been some probably six or seven weeks  
9 since you have delivered 1000 TOWs and you still have not  
10 received any hostages, and now you are pretty far into  
11 discussions, you have obtained various of the Hawk spare  
12 parts.

13 Was there any discussion about the mechanics,  
14 the sequential nature? Was there insistence or any  
15 agreement that all the hostages had to be released before  
16 any additional weapons or weapons parts would be provided?  
17 Do you recall any discussion along those lines?

18 A Well, I'm not sure how much of this was at this  
19 meeting or how much followed between here and May, but  
20 we were moving -- probably at this meeting, we were moving  
21 toward being clear that no more hostages, no hostages at  
22 all were going to be released until this, what had been  
23 called the <sup>Kiel</sup> ~~Bois~~ Island meeting, but I think probably at  
24 this meeting that Ghorbanifar surfaced, that it was going  
25 to be in <sup>Kiel</sup> ~~Bois~~ Teheran, not on ~~Bois~~ Island, and there was a

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1 long story about ~~Kare~~<sup>Kiel</sup> Island not being fit for a meeting  
 2 between principals, that although it has been a sizable  
 3 resort in the old days, it had fallen into disrepair and  
 4 we had known that and wondered how they were going to put  
 5 this thing back together for a meeting. So that didn't  
 6 surprise us.

7 The Ghorbanifar message either at this meeting  
 8 or shortly after was that as soon as McFarlane or the  
 9 ranking American delegation arrived in Teh~~er~~<sup>an</sup>, all the  
 10 hostages would be released. Here we go again.

11 Q Was that not your reaction at the time?

12 A Sure.

13 Q Did you communicate that to Colonel North?

14 A Well, he had the same reaction by this time.  
 15 It didn't take Colonel North very long to be fully fed  
 16 up with Mr. Ghorbanifar.

17 Q Without leaping too far ahead, although that  
 18 may be true -- by saying it that way, I don't mean to  
 19 suggest it is not true -- although that may be true, we  
 20 have another meeting --

21 A Right.

22 Q -- where we send one of our former top officials  
 23 in, another seven weeks passes, along with another pallet  
 24 of spare parts or a pallet of spare parts and another  
 25 seven weeks passes after that before we get another

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1 hostage.

2 Are there beginning to be discussions that you  
3 are just getting duped and it is time to quit?

4 A I think there were some pretty harsh discussions  
5 after that May, after McFarlane came back from the <sup>May</sup>~~May~~  
6 meeting in Teh<sup>h</sup>eran, which came to nothing, and it was --  
7 we felt in the Agency that what that May meeting repre-  
8 sented was clear that [REDACTED] hadn't gotten political  
9 approval, and the American delegation arrived and then  
10 he attempted to put together -- you think it is hard to  
11 get politicians together in the United States -- trying to  
12 get them together in Teh<sup>h</sup>eran and trying to get together  
13 the three main lines of factions in Teh<sup>h</sup>eran with somebody  
14 having to talk to the Americans, but nobody wanted to do  
15 that.

16 You know, for an Iranian politician to sit  
17 down with McFarlane is the kiss of death if it doesn't  
18 go right. So the meeting with a ranking Iranian never  
19 took place and the political approval, Iranian political  
20 approval for a ranking American delegation to arrive in  
21 Teh<sup>h</sup>eran never happened, never was attained.

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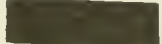
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Q  any indication about whether or not Mr. Ghorbanifar first had sufficient -- had Ghorbanifar or the Iranians had sufficient clout to actually obtain the hostages? Did you have any indication about that?

A  had said at the February meeting that that was to be difficult for them, that for Iran to do that required major concessions by the U.S., like delivery of the Phoenixes, because it was going to be politically hard to push through in Teheran. That made sense. Because you are talking about a very important, ideologically important, religiously important connection between Iran and the country that they most hope will be the next Shiah revolutionary nation, Lebanon, and that Hizballah connection is terribly important to them in exporting their religious revolution.

Q I don't really want to get into this too much because I want to finish the chronology, but it is beginning to sound to me as if there never was, an expert would have said, there never could have been a delivery of all of the hostages in one lump and particularly in exchange for just not a tremendous number of weapons.

A I think we came to that by probably -- probably

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1 May.

2 Q By May before the trip?

3 A No, I think May after the trip, because it was  
4 after the trip that we sat down and said the Iranians  
5 are all confused politically themselves; they haven't  
6 agreed on what they are doing; they haven't agreed on  
7 doing it with us; they haven't agreed that there will be  
8 a strategic initiative.

9 Q Did you actually think before the trip that  
10 delivery of a quarter of the Hawks was going to result  
11 in release of all the remaining hostages?

12 A I wouldn't think so. I don't remember, but  
13 you know, I am the skeptic in a lot of this when it comes  
14 to Ghorbanifar arranging a May meeting -- he is the one  
15 who is saying this. I don't know why I would believe that  
16 part of it any more than any of the other parts.

17 I think somebody else used the expression  
18 "hope springs eternal." North truly is one of the great  
19 American optimists, and feeling that if you just did a  
20 few more things right, that this thing is all going to  
21 fall into place, always right there on the front.

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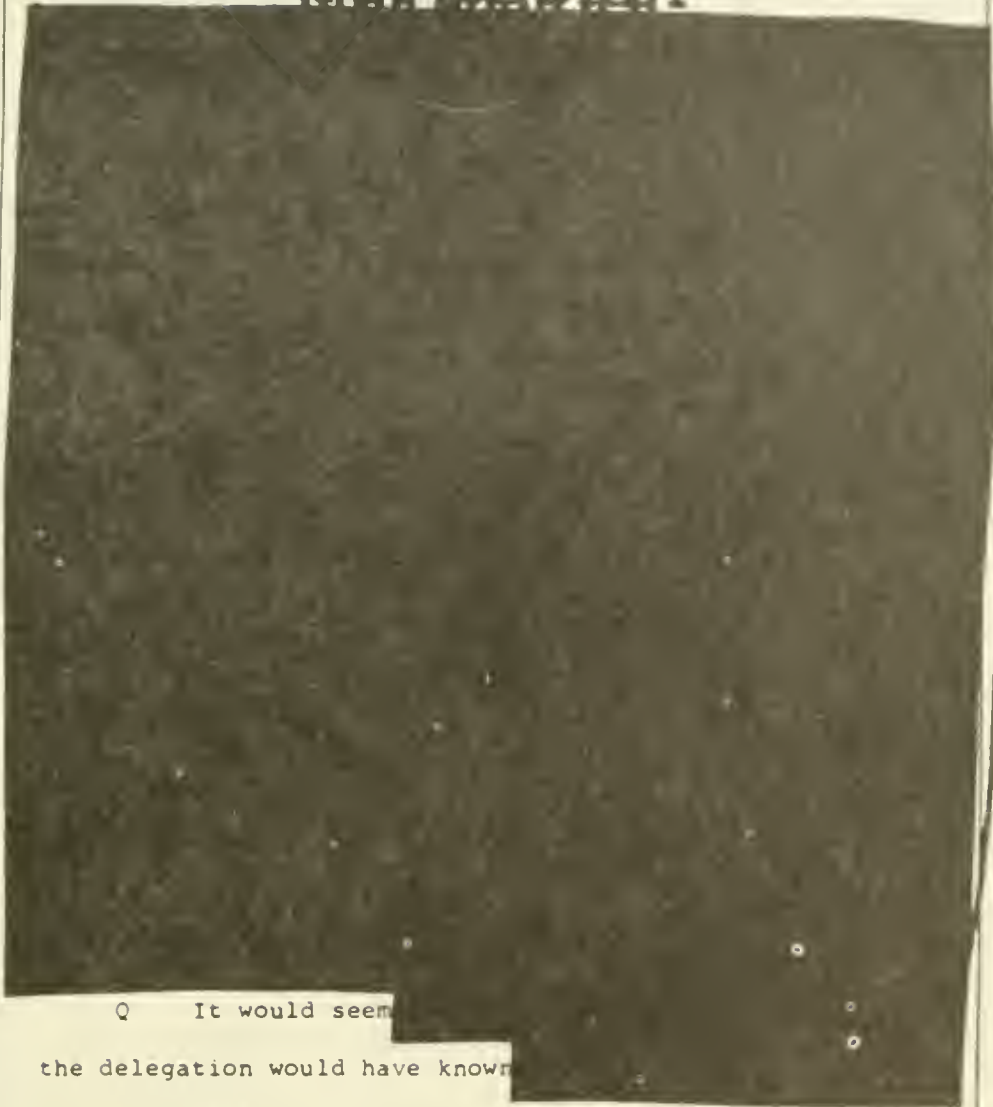
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Q It would seem  
the delegation would have known  
that they were in trouble.

A I don't recall any discussion of that immediately  
prior to the meeting to leaving. I was involved in  
briefing up McFarlane on it, who I thought was coming  
into the whole thing cold. I feel kind of dumb now,  
because he knew a lot more about this than I did, and  
I tried to explain to him how it started, and Ghorbanifar --

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1 he must have thought I was pretty stupid.

2 BY MR. EGGLESTON:

3 Q Did he disabuse you of your feeling?

4 A No.

5 Q Did you meet him on more than one occasion  
6 before you went?

7 A We had two sessions with him. George Cave  
8 and I went to his office downtown and gave him an Iranian  
9 brief, and we had him come to the Agency and ran through  
10 the intelligence we were going to provide, which included  
11 a briefing <sup>on</sup> other things.  
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1 BY MR. EGGLESTON:

2 Q Let me ask two other quick questions before we get  
3 to the aftermath of the Tehran trip. First there was a  
4 meeting that took place which you did not attend on May 6th.

5 A That is correct, I did not.

6 Q The last meeting prior to the time that McFarlane  
7 and his delegation went to Tehran. I have asked Mr. Cave  
8 about whether there had been discussion about having an  
9 advance team, for lack of a better word, go to Tehran to  
10 set up a meeting, a group probably himself, and North before  
11 they sent someone of the stature of McFarlane to make sure  
12 there was an agenda; that things were planned.

13 Mr. Cave said there had been discussion of it, but didn't  
14 know why such a plan had been rejected. Do you know why,  
15 do you know whether there were discussions of this at your  
16 level or higher and whether a decision was made not to  
17 pursue an advance meeting?

18 A I recall the discussions too, but don't recall why  
19 it was turned off. I am not sure that it was at a higher  
20 level. I think North and Nir probably had the most to say  
21 about that. Nir was consistently urging us forward on  
22 this.

23 We had made an attempt to make sure that Nir did not  
24 go on the -- as a member of the U.S. delegation to Tehran,  
25 and he insisted that Israel had a major equity in this, and

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1 he had to go along, and there was a White House communication  
2 to Israel on that issue. And that ended up with McFarlane  
3 making the decision. It was put on McFarlane's plate  
4 whether Nir did go or not and McFarlane said, yes, it is  
5 apparently not a big enough thing to fight about.

6 But the pre-delegation might have been a little  
7 hard to put together because there was some discussion  
8 about whether Ghorbanifar would go in with the American  
9 delegation, and I recall us insisting that he had to be  
10 there in advance, and we had been assured that we knew that  
11 there had to be some verification that he was in Tehran  
12 in advance with a phone call.

13 I think there might have been a little problem with  
14 the prior delegation because North might have thought it  
15 would have consisted of everybody except McFarlane,  
16 Ghorbanifar, Nir, Cave, communicators, himself, and the  
17 possibility that in Cave's mind that he might not quite have  
18 enough clout to make things work himself, but he would  
19 have that if McFarlane was present.

20 I am sort of speculating there.

21 Q As a purely irrelevant aside, Mr. Cave also told us  
22 that the only person that the Iranians knew at the delegation  
23 was Mr. Cave, Mr. McFarlane meant nothing to the Iranians  
24 because they didn't know who he was, so George, they thought,  
25 was the man to deal with.

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1 A Or at least that is what they said.

2 Q That is what George related to us. At least by the  
3 time of the May meeting, the price that CIA was going to  
4 pay to the Department of Defense for what amounted at this  
5 point to parts as well as 500 TOWs was a total of approximately  
6 \$6.5 million -- is that consistent with your recollection,  
7 approximately \$3 million for the parts and approximately  
8 \$1.7 million for the TOWs, and it appeared from the documents  
9 that I saw that there was another bit of money that had been  
10 forwarded or made available as a result of testing of radars  
11 or something.

12 A Yes. 1.7 is the missiles plus there were some  
13 shipment, transportation costs and there is a question  
14 of two radars, that is another thing that we haven't talked  
15 about.

16 They were demanding two radars which belonged  
17 to the Iranians purchased during the Shah and which were  
18 under lock and key as a part of the property still being  
19 negotiated between our two governments in a government  
20 warehouse in Pennsylvania, and then the other part of it  
21 was the spares, which was \$4,300,000. Is that what you said  
22 rounding off?

23 Q What was your understanding on what was going to be  
24 paid for the radar?

25 A Six million two hundred thousand dollars was the

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1 figure that was going to be quoted by CIA to the NSC. That  
2 was what we needed to cover. Your question was a little  
3 different -- you said what was my understanding of what they,  
4 the Iranians, were going to pay.

5 Q I guess you indicated -- was it your understanding  
6 that the Iranians, albeit through a different government  
7 had already paid for the radar under the Shah era and they  
8 had never been delivered?

9 A That is right, but the Iranians didn't know that  
10 those were the two radars that they were going to buy  
11 again, and in order to get these out of State Department  
12 control, because they still had this lump of a lot of things  
13 which belongs to the Iranians and has -- I have forgotten  
14 the technical term, but essentially when they are released  
15 to them they are still being negotiated in the Hague in  
16 the World Court -- if we took those two radars out the only  
17 way you can do that is to deposit the money for them, and so  
18 it had to become a separate purchase.

19 So it was as if they were buying two new radars.  
20 The only radars that were available in the U.S. inventory  
21 anywhere happened to be these two that were in the warehouse  
22 that Iran had already purchased. So we sent DOD to the  
23 Department of State to figure out whether or not DOD could  
24 purchase back from the Iranian stores those two radars.

25 The State Department wasn't told who was going to

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1 be the recipient. The State Department said, no, and there  
2 was another discussion, and we eventually  
3 got the reply from DOD that, yes, the State Department,  
4 the office that handles this had said, yes, DOD, you can  
5 buy that. You need to pay whatever the fair market value is.

6 Q The CIA, though, never received into its account  
7 money from the Iranians or from anyone to cover the cost  
8 of the two radars?

9 A No, we did not. We thought we were going to  
10 because the independent counsel has gone through that with  
11 me in some detail. There is a series of financial cables  
12 in May from the Office of Finance to our [REDACTED]  
13 [REDACTED] and the first message says, "Okay, here we  
14 go again. You are about to get a deposit of \$13 million into  
15 your account."

16 Two days later there is a second cable that says,  
17 "Please be advised when you receive this, it may be \$10  
18 million instead of \$13 million," and then two days ago  
19 by another message goes out and says, "Why would you respond?  
20 Where is this?"

21 The reply comes back \$6.5 million has been  
22 deposited -- could that somehow -- we didn't report that  
23 right away, because it wasn't the right amount, could that be  
24 the amount you want. When that came in, I phoned over to  
25 North and said, "6.5 is in. That is a start?" He said,

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1 "Yes, 6.5 is in and the remaining 6.5 is going to come  
2 later.

3 Q But you thought you would continue with the Tehran  
4 trip before the remaining 6.5 arrived?

5 A I think you are going to have to go to my logistics  
6 guy on that, but my understanding is that the 6.5 represented  
7 the radar and the decision by the Iranians either before or  
8 at the May meeting that they didn't want those two radars  
9 after all.

10 Q I have documents. I am not sure it is important.  
11 CIIN 196 and 199 and 197 -- 196 is dated 16 May, and it  
12 advises the DOD essentially that 4.3 approximately -- it  
13 gives a specific figure -- is available for the attached  
14 requirements with the exception of line item 240, which  
15 appears to relate to Hawk spare parts.

16 199 is dated the 16th as well.

17 A This is an Army document, right?

18 Q Well, I had gotten it from you. I thought it was  
19 a memo from you to the Army.

20 A That is correct.

21 Q It is blocked out. I assume you don't <sup>when</sup> pp 199 refers-  
22 the same date, to a deposit of approximately 1.7.

23 A What block out are you talking about -- chief,

24 [REDACTED] -- no, I don't know that name.

25 Q So that is --

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bp-7

1 A So this is the TOWs --

2 Q That is the TOWs, and I guess as to some amount  
3 of money is provided on the 20th, which relates to the  
4 radar, but it is only enough money to test the radar.  
5 It is not enough money --

6 A Yes. The Army was telling us, that thing has been  
7 in mothballs and ~~could be used~~ <sup>could be used</sup> for some years. We have to  
8 get that thing out and dust it off and air it out, and see if  
9 it works.

10 Q On the payment for the TOWs, let me ask you, who  
11 did you understand -- was it your understanding that the  
12 Iranians were paying for the TOWs or that the Israelis were  
13 paying for these TOWs?

14 These TOWs are only going to Israel. Did you have  
15 any knowledge of that at the time?

16 A This is May and the number is 508.

17 Q Correct.

18 A So we must have known that was an Israeli pay  
19 back. That is a good question. I don't know. I don't know  
20 what the answer to that is. I mean, we have obviously  
21 covered that before, but I don't --

22 Q You and I haven't covered it before.

23 A I'm sorry, I didn't mean that.

24 MR. KERR: Is there a place where it is transcribed  
25 so we can see what you said before?

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1 BY MR. EGGLESTON:

2 Q I don't remember it coming up before.

3 A If I remember<sup>ed</sup> that, I would probably remember  
4 what I said.

5 MR. KERR: Maybe not. If you happen to recall  
6 today or tomorrow or some other time that you have answered  
7 this question before, I would love to see what the answer was.  
8 I also have not encountered it in anything I have read.

9 THE WITNESS: Well, it isn't in the SSCI thing  
10 because I, in the last week, I reviewed my testimony in that.  
11 It may be in the Army IG report, because we went through  
12 the missile thing so thoroughly with them.

13 I don't know. Is there a <sup>HPSCI</sup>~~HPSE~~ transcription of  
14 what --

15 BY MR. EGGLESTON:

16 Q There was, but it is not mentioned.

17 A I have not seen that, so I don't know. I will have  
18 to think about that and see, because it is clear -- I mean  
19 it is so obvious that that is a pay back to the Israelis,  
20 where obviously the Israelis are paying. Now so as far as  
21 we are concerned, all we are doing is quoting to the NSC an  
22 amount that we want the NSC to put into our account.

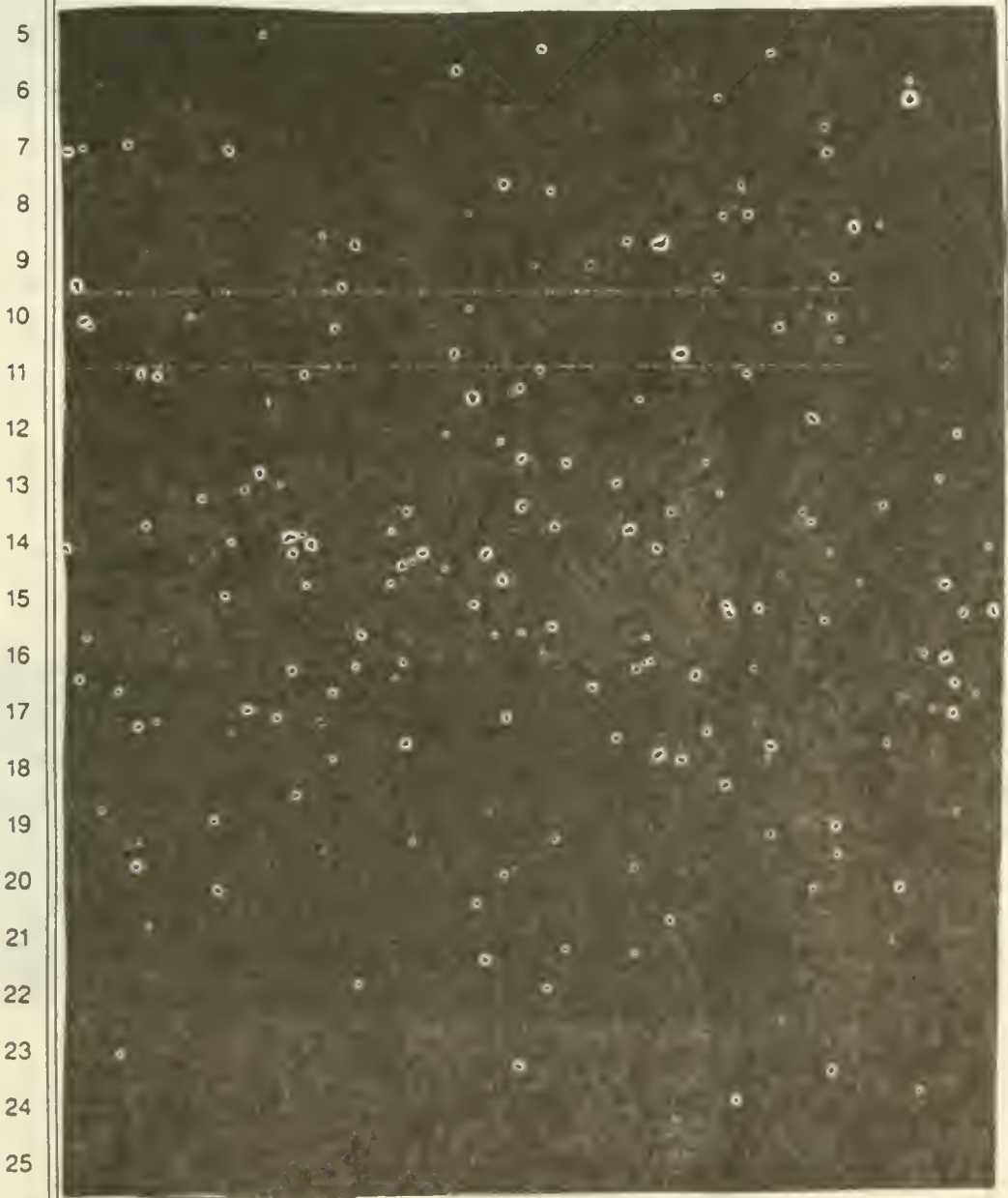
23 I suppose it is conceivable, and again I think  
24 I have to direct you back to [REDACTED] who was handling  
25 this matter on why -- whether we asked who was paying. I

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bp-9

1 would have to assume it was obvious that the Israelis were  
 2 paying. But whether they were doing a slick one on the Iranians  
 3 and covering those costs and in fact the Iranians were paying,  
 4 I wouldn't have any idea.



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bp-10

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A

but

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at that moment it is not clear to me whether or not the

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radars are involved. The first cable that went to Tehran

8

was \$13 million, and then on up to 20, that wouldn't be too

9

striking.

10

Thirteen million actual costs, well, -- Chuck here

11

is making faces at that.

12

MR. KERR: That is a heck of a markup in Nir's trade,

13

\$13 million.

14

THE WITNESS: That is correct, and you should know

15

by now that that is not a firm Middle East markup.

16

17

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19

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21

22

So, yes, a pretty good sized markup. I have also

23

said several times, and forgive me for repeating, but the

24

standard practice is that somebody in Tehran political,

25

several people, certainly including [REDACTED] but also

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bp-11

1 more ranking politicians in order to be involved in this  
2 deal, they will be getting a sizable amount of money.

3 Now, you know, in retrospect what doesn't fit is  
4 the \$20-million-plus figure if our costs were only 6.5. We  
5 were trying to figure out at the time, where are they coming  
6 from and where does \$20 million come in.

7 MR. KERR: It had to be a sharp focus at the  
8 Tehran meeting when Cave and North are told by Ghorbanifar  
9 if asked if \$24 million is the right number they are to say,  
10 yes. You recall that?

11 THE WITNESS: I had forgotten that.

12 BY MR. EGGLESTON:

13 Q You would have discussed that when you came back,  
14 wouldn't you?

15 A I am sure we did.

16 Q If you departed with \$6 million worth of goods  
17 and you had Colonel North and George Cave attesting to a  
18 \$24-million value for those goods, I would have thought  
19 that would have caused some concern back at Langley. Did it?

20 A No.

21 MR. KERR: You felt that that measure of markup  
22 was within the realm of what Ghorbanifar might do?

23 THE WITNESS: Well, in retrospect, no, it was  
24 pretty silly, but it certainly never occurred to me that  
25 Colonel North was skimming something off. I can give

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bp-12

1 a lot of credit to Ghorbanifar and <sup>Iranian</sup> ~~Tehranian~~ politicians  
 2 and the rather minor transportation and logistics expenses,  
 3 the Israelis take a little something, but in retrospect  
 4 I cannot come up to \$20 million unless it also includes the  
 5 radars, which were still -- were still somewhere out there  
 6 coming later on.

7 MR. KERR: Assume for a moment we are talking  
 8 radars. At the time that you learned after the May trip --

9 THE WITNESS: You have to assume that because  
 10 I am telling you that the radars were still being discussed  
 11 as a piece of the proposition.

12 MR. KERR: The radars were still being discussed  
 13 as a piece of the proposition during the Tehran trip as well;  
 14 is that your testimony?

15 THE WITNESS: That is my understanding.

16 BY MR. EGGLESTON:

17 Q Is it your understanding that the 24 1/2-million-  
 18 dollar figure was put before North and Cave, that that was  
 19 to include the radars as well, is that correct?

20 A It wasn't stated to my recollection.

21 Q You are aware, are you not, that Mr. Cave then went  
 22 into a number of conversations to try to find out what the  
 23 figure really was, he was given that assignment; isn't  
 24 that right?

25 A In Tehran?

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bp-13

1 Q After Tehran, when he was trying to figure out  
2 what the 24 1/2 million dollars was, he knew that Cave was  
3 trying to find out the prices.

4 A That assignment wasn't given him by me.

5 Q Did you know he was doing it?

6 A He was the principal in this. I don't recall  
7 that I knew about that. I do recall we discussed very  
8 strange financial figures.

9 Q As of late May, early June, do you have a recollection  
10 of having heard at any time preceding remarks akin to the  
11 remark that Cave reported at the March meeting and the three  
12 or four other instances where Allen heard Ghorbanifar refer  
13 to generating money for Ollie North's boys or Central  
14 America, Nicaragua?

15 A No.

16 Q You had never heard that from Ghorbanifar reporting  
17 what Ghorbanifar had to say about these matters as of May  
18 or June?

19 A I never heard that.

20 Q You never heard George Cave discuss it?

21 A He said he heard it at a March meeting.

22 Q You do talk to him from time to time. He didn't  
23 tell you that he heard that at the March meeting?

24 A No.

25 Q Charles Allen didn't tell you at any time he heard  
that at the March meeting, is that correct?

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bp-14

1           A     That is correct.

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BY MR. EGGLESTON:

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Q     At the end of June, George talked to [REDACTED] about  
10 the financial problem. It had by then reached crisis pro-  
11 portions by the end of June?

12

A     Yes.

13

Q     Was this discussed with you?

14

A     The financial crisis was discussed with me.

15

Q     And the figures that remained twenty or so million  
16 dollars even after the radars were dropped out.

17

A     Yes. Most of the attention on the financial  
18 figures was, you tell me George Cave and I am sure he did a  
19 lot on it -- in addition to that design would have been  
20 working on figures because he was doing most of the arrangement  
21 with the logistics channel and was the headquarters principal  
22 backup.

23

So he was spending a great deal more time on this  
24 by before the <sup>may</sup> ~~main~~ meeting, and on through the summer.

25

MR. KERR: [REDACTED] left his position on the

~~TOP SECRET~~

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bp-15

1 Iranian desk at the end of May 1986, did he not?

2 THE WITNESS: I thought it was mid to late summer,  
3 July or August. No, you have got [REDACTED] testimony,  
4 and I don't recall. He was still on it in May.

5 BY MR. EGGLESTON:

6 Q Let me move -- I want to discuss the aftermath  
7 of the Tehran trip, which is a period of time substantially  
8 in June of 1986, and I want you to tell us about meetings  
9 that you may have attended where the issue of whether to  
10 continue with this initiative is being discussed.

11 Did you attend meetings where that issue was being  
12 raised?

13 A No. Where are we-- in May?

14 Q June, after the trip. The trip has now basically  
15 been a disaster. Let me ask you one question about the trip.

16 There was a report last week that in the early  
17 morning of the day that Colonel North and McFarlane and the  
18 rest of the delegation were going to leave that Colonel  
19 North reached his own agreement with Ghorbanifar, and that  
20 Ghorbanifar agreed that a hostage would be released, and  
21 Colonel North ordered at least some part of the rest of the  
22 parts to be delivered.

23 Had you ever heard that before?

24 A Would you say that again?

25 Q There was a story which was on the front page of

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1 the Post on Friday about the last day of the trip to Tehran,  
2 and it reported the following factual circumstance-- what I  
3 am asking you is to your knowledge is this true, and had you  
4 ever heard this before prior to the time that you read it  
5 in the newspaper if indeed you did.

6 It sounds like you didn't.

7 A No, I read the newspaper.

8 Q Do you recall the report that I am talking about?

9 A Yes.

10 Q What I am saying now is only summarizing what I  
11 read in the newspaper. Generally, I recall reading in the  
12 newspaper that the report was that the early morning of the  
13 day that the delegation left Tehran, Colonel North reached  
14 an agreement without the participation of Mr. McFarlane  
15 for a release of a hostage, that Colonel North himself  
16 ordered additional parts to be delivered; that when  
17 McFarlane woke up or learned about this agreement, he can-  
18 celled it, and that --

19 A I read that. I have never heard that before to  
20 my recollection. I was going to ask George about it, and I  
21 didn't do that. I don't think that is true, but I don't know.  
22 You ought to ask George Cave about it.

23 Q I had just asked you about whether or not you had  
24 attended meetings at the White House related to whether or  
25 not this initiative should be continued after the Tehran  
trip.

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2 A No, I did not attend a White House meeting. I  
3 recall a conversation with North, I think, during this  
4 period in which he said he was going to need Casey's  
5 assistance to keep this thing going-- Casey's assistance  
6 with Poindexter. And I think that was after this May  
7 thing.

8 Q Do you recall any meetings with Director Casey  
9 about this initiative and whether it should remain going  
10 after the Tehran trip?

11 A No, I don't.

12 Q Are there -- this becomes a period of a month where  
13 essentially -- nearly two months <sup>where</sup> ~~were~~ essentially <sup>nothing</sup> happens  
14 despite the fact that we have sent a very senior individual  
15 over. There must have been discussions and concerns that  
16 now it is time to quit.

17 A My own impression was that it was all going to fall  
18 apart, that I thought that ~~was~~ <sup>may</sup> the ~~next~~ meeting was it. And  
19 I can remember being truly astonished in July when in fact  
20 a hostage was released. I do not recall being a part of any  
21 major meeting in which this was sort of thoroughly gone  
22 through about what the next scenario is and where we go  
23 from here. There may have been such meetings.

24 Q Was there any -- do you recall any meeting between  
25 January 17th or 18th, 1986 and the time that the next hostage

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1 is released in July where there is a discussion about  
2 whether or not now it is time to notify Congress?

3 A No.

4 Q Did you discuss it with anybody?

5 A There was some discussion about the amount of  
6 <sup>pay-in</sup>~~pay-in~~ that was in the channel and that Ghorbanifar was unhappy  
7 and that there was all this finance confusion and that  
8 there were -- you see we are starting to get toward the  
9 later period where the Furmark letters come in, but there was  
10 at this point some discussions, as I recall, about that.

11 But I don't recall any -- I would have thought  
12 that the discussion about notifying the Congress would come  
13 at the time the Furmark thing surfaced in October. I wouldn't  
14 have thought that would happen in July.

15 Q The only thing is you had indicated that when  
16 this was first enacted it was your view that everything  
17 was going to happen very quickly, and you thought that  
18 within a short period of time all the hostages would be  
19 released and it would be a relatively brief period of time.

20 By July it is your view that this is probably  
21 going to die and I would think from interviews I have conducted  
22 at NSC it was Admiral Poindexter's point of view that this  
23 thing was pretty much over. I wonder whether you thought  
24 that now apparently the emergency is over and it appears that  
25 the whole initiative is going to die. Was there discussion

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1 now it is time to notify Congress?

2 A I don't remember that discussion.

3 Q In late June and early July of 1986 the pricing  
4 issue becomes extremely hot. This is the period of  
5 time -- I know there is a telephone call between Cave and  
6 [REDACTED] on June 30th is the one I have seen that refers  
7 to a call that has taken place previously where [REDACTED]  
8 is harping on the price.

9 He claims that the price of the Hawk parts, and  
10 he specifically says Hawk parts, is six times the cost, at  
11 least in this conversation of June 30th is a conversation  
12 where he talks about a microfiche which he has seen which  
13 seems to set forth prices.

14 If you just look at the price of the Hawk parts,  
15 he is about right, if he paid \$24 million, it is about 6  
16 times the price that the CA had to pay the Department of  
17 Defense.

18 What reaction was there in the agency to this  
19 really quite vociferous complaint by [REDACTED] about the  
20 price of the Hawk parts?

21 A My reaction was that Ghorbanifar had really skinned  
22 him. [REDACTED]

23 [REDACTED]  
24 I confess I didn't do any investigation of, as George  
25 apparently tried to do, of trying to make those things fit.

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1           Q     You must have, though, at the time have been  
2 concerned with this much gouge. This must have been  
3 unusual even for Ghorbanifar. Maybe not. But with this much  
4 gouging and this is not as if it is an operation with money  
5 at stake, in fact the other half of the deal is they have  
6 some control over lives of several hostages. I can't  
7 imagine that there was not an enormous concern that this  
8 has now gotten so far out of hand that we have made our  
9 hostages worse off than if we had stayed out of this to  
10 start with.

11           . We are now in a situation where [REDACTED] is mad  
12 <sup>because</sup> ~~and this~~ he has been ripped off by us. Did this not  
13 create a desire on the part of the agency to get to  
14 the bottom of this, talk to [REDACTED] to Ghorbanifar, to  
15 Colonel North, what is going on here? How could this be  
16 this much disparity because this isn't just a minor  
17 problem at this point?

18           It seems to me that now you have a serious problem.  
19 Did you take any steps to try to get to the bottom of this  
20 pricing issue?

21           A     No, I didn't.

22           Q     Mr. Kerr told you that he thought George Cave  
23 had, and you indicated that although you were happy he did,  
24 you didn't know that at the time.

25           A     I think I may have known it. I just don't remember.

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bp-21

1 It is hard for me to believe that I didn't know that George  
 2 was. I do recall that Charlie Allen was working on that.  
 3 I confess I was not spending very much time on this by  
 4 this time, George <sup>is</sup> taking care of the political, and North  
 5 part of it, and the logistics part of it being taken care  
 6 of by [REDACTED]

7 [REDACTED] left the end of May.

8 MR. KERR: [REDACTED]  
 9 [REDACTED]

10 BY MR. EGGLESTON:

11 Q Do you know who would have done it?

12 A I think that may be part of the problem, because  
 13 I think --

14 Q Nobody.<sup>2</sup>

15 A I think I will have to check with [REDACTED] but I  
 16 think I brought him into this part of it, and he  
 17 was available as the -- [REDACTED]

18 [REDACTED] and I think I may  
 19 have turned this part of this over to him.

20 MR. KERR: He recalls that you told him one day  
 21 in mid-August, "Would you like to have the Iranian branch?"  
 22 He said, yes. You drag him into the room and told him about  
 23 this piece of work, and he said that was August 15th.

24 Is that what you recollect?

25 THE WITNESS: Well, then if that is the case, then

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bp-22

1 if that is the case, then [REDACTED] is still there. [REDACTED]  
 2 [REDACTED] but he is still in the position. I am  
 3 sorry. I should be telling you.

4 MR. KERR: [REDACTED] told us that he had no more  
 5 responsibility over the Iranian desk or this matter after  
 6 May.

7 THE WITNESS: [REDACTED] Piecing  
 8 those bits of information together [REDACTED] remains the  
 9 branch chief until -- [REDACTED]  
 10 [REDACTED] so he is there until on or about  
 11 1 August. I would have thought that discussion would have  
 12 taken place a little before that, but I can't prove that.

13 I do recall [REDACTED] digging into that pricing thing,  
 14 but that was -- and specifically on this thing that you have  
 15 mentioned, the <sup>micro</sup>fiche -- how [REDACTED] was there when that  
 16 came in or was digging into what that represented. I  
 17 think we had copies of that fiche and learned that  
 18 the Iranians were still on the DOD mailing list for current  
 19 pricing left over from being FMS recipients 10 years before.

20 BY MR. EGGLESTON:

21 Q So you think the U.S. Government sent them a copy  
 22 of the prices?

23 A That is my understanding.

24 Q I knew it went to a lot of places. I had heard  
 25 that it had fairly wide distribution. Did you have any

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bp-23

1 conversations with Colonel North during this time period  
2 about the pricing?

3 A No. Not that I recall.

4 Q Was there any -- when [REDACTED] begins to talk  
5 about this price list, microfiche, whatever it is he has,  
6 an exchange, is there any effort in the agency to create  
7 a defense suggestion to [REDACTED] that the price list that  
8 he was looking at was incorrect?

9 A Yes, there was something on that, and that is why  
10 I recall that [REDACTED] was working on the fiche thing.

11 Q What was the plan?

12 A There was a plan to provide them with a fiche  
13 which would be that, the cost to the -- the real cost --  
14 I have forgotten how it was exactly worded -- the real cost  
15 to a non FMS customer as opposed to that which was FMS, most  
16 favored nation. In other words, an explanation that would  
17 help show that the price was something in excess of that, that  
18 data, the fiche that the Iranians had.

19

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STEIN 1 BY MR. EGGLESTON:

pad 6 2 Q But it did not -- it did not -- it never came  
CAS-1 3 together for you that what Mr. Furmark was claiming was at  
6:00 4 least more likely true than not?

5 A Well, I can remember sort of two reactions, yes,  
6 that is conceivably true, but also confusion that he would  
7 need that with the private <sup>u</sup>funding available that I assumed  
8 he had.

9 Q Although if --

10 A You know, maybe that is rationalization in  
11 retrospect because I truly didn't want to believe. It was  
12 disgusting.

13 Q This would have been \$20 million if just the  
14 intelligence information you had on the information you had  
15 from [REDACTED] that he had paid 24 just for the parts, and  
16 that he would only charge you -- meaning the agency --  
17 only charge you \$4 million for the parts.

18 There was a substantial --

19 A Is the 20 including both TOWs and parts or that  
20 is just parts? I have forgotten.

21 Q The conversations over the telephone that Mr. Cave  
22 <sup>d</sup>had seem to tie it only to the parts and there is no mention in  
23 those conversations as I recall --

24 A So is that why the 24.5, because that includes the  
25 TOWs?

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CAS-2 1 MR. KERR: No. From what we could tell from the  
2 conversation -- the 24.5 figure comes up in the Tehran  
3 meeting. The figure comes up in a telephone conversation  
4 after May, I can't give you an exact date --

5 THE WITNESS: I apologize for asking you questions.  
6 What I was trying to do was figure out why the difference  
7 between the 20, [REDACTED] and the  
8 24.5 and I was wondering if that had to do with the  
9 inclusion of the TOWs when the 20 was only spare parts. I  
10 don't know the answer.

11 BY MR. EGGLESTON:

12 Q Putting aside what you may have thought or known  
13 or did or whatever, what did you do after reading these memos?  
14 This was an operation that you had basically been in charge of  
15 since January of 1986 and now you learn that there is at  
16 least some likelihood that Colonel North is in charge and you  
17 have been essentially charged to be a support person.

18 A I guess I did damn little. I don't feel  
19 particularly good about that, but as I told the SSCI, I did  
20 ensure that that memo which Clair George had not seen did  
21 get to Clair George. And then I think I would have to tell  
22 you --

23 MR. KERR: The memo being the Furmark memo?

24 THE WITNESS: The Furmark memo, yes.

25 MR. KERR: I am sorry.

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CAS-3

1

THE WITNESS: And then when the subsequent

2

Furmark memos turned up, I, in each case, again, showed

3

Clair George some of those. I think I would have to tell you

4

that I had pretty much retired from a very big political

5

problem at that point, that I much preferred to run Middle

6

East operations than to get into the middle of that one and it

7

looked to me like Casey was going to have to do something about

8

that one fast.

9

And indeed, I heard back some feedback that within a

10

week I would say that Casey had gone down or was about to go

11

down and talk to Poindexter.

12

BY MR. EGGLESTON:

13

Q Did you ever just pick up the phone and call North

14

and ask what is going on?

15

A No, I didn't.

16

Q Do you know whether North knew that these memos

17

had been written or whether North knew that Furmark had

18

spoken to Casey?

19

A Oh, I --

20

Q You would assume so?

21

A I can't give you first -- I don't know the answer

22

to that, but I have to tell you that I would believe that

23

Charlie Allen would share that with Colonel North very

24

quickly.

25

Q Why don't you just pick up the phone and say,

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CAS-4 1 Colonel North, have you betrayed me? My reaction, had I  
2 been in your position, and did not know anything about it  
3 up to now, would be to call and say what did you do? I was  
4 the lead guy at the agency, now I have an allegation that  
5 you may have skimmed off money.

6 Is there a reason you didn't call him and say what  
7 is going on?

8 A No.

9 Q So you did not?

10 A No, I did not.

11 Q Do you have any other involvement whatsoever with  
12 this Furmark issue between this time and November 25?

13 A No, that was pretty much Charlie Allen taking the  
14 memos directly to the Director. It was clear to me the  
15 Director was working on it.

16 It was taking place at the political level at that  
17 point. It was a political problem, and I don't really get  
18 involved in political problems. I am an operations officer.

19 Q There comes a time in the week of -- the week before  
20 November 21, 1986, on November 21st, Casey testifies before  
21 the various committees of Congress -- the week prior to  
22 that there is an effort in order to get his testimony  
23 together, and get chronology together and I think the agency  
24 prepares chronologies and begins to work on his testimony.

25 Are you involved in any fashion in getting those

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CAS-5

1 chronologies of testimony together?

2 A Yes, [REDACTED] wrote up a N.E. Division chronology.

3 Q Do you know how he assembled that? He was not  
4 there through most of the time, so he does not --

5 A He assembled part of that by -- from my files,  
6 and with George Cave's help. And I recall seeing a first  
7 draft which wasn't terribly good and we did a second draft  
8 that I helped out on.

9 Q Did you -- there was then a session I think on --  
10 I am sorry, by "draft" did you mean draft of the chronology  
11 or did you mean draft of the testimony itself?

12 A No, a draft of the N.E. contribution which was sent  
13 upstairs to be melded into Mr. Casey's testimony.

14 Q And what period of time did the N.E. section  
15 cover? Did it cover a particular period of time?

16 A You have that and I assume it would cover from the  
17 time we entered the 18 January --

18 Q I don't know that I have seen it to identify it as  
19 the N.E. addition. I don't know that I have seen anything  
20 that I know to come from N.E. division.

21 MS. DORNAN: It did cover prior to January 1986  
22 because [REDACTED] took the chronology to North and North said  
23 it was inaccurate prior to CIA's involvement, but thereafter  
24 it was fairly accurate.

25 How at that point did you know about the September/

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CAS-6 1 November shipments, was it in the news by that time?

2 BY MR. EGGLESTON:

3 Q That was sort of the next place I was going. Did you  
4 personally have any meetings with Colonel North in order to  
5 develop a chronology that the NSC was putting together?

6 A Cave and I went over to North's office sort of the  
7 first day after this broke, and he was working on a  
8 chronology. He was working on a speech -- he was working  
9 on the first speech that the President would make.

10 Q The President gave a speech on November 13th?

11 A And that was the first presidential statement on  
12 that, and North wrote sort of a first, second and third  
13 draft of that, which we attempted in a very small way to try  
14 and help him with.

15 And secondly, that was attempting to put the best  
16 face on this whole thing without telling too much, because he  
17 still hoped that somehow this would continue on. It was an  
18 effort in seeing how little could be said. The speech that  
19 was actually made by the President was -- I left because  
20 when it didn't look like I would be able to make any  
21 contribution, I had to go do something else by noon. Cave  
22 stayed a little longer.

23 The speech that was made that afternoon or the next  
24 day was unrecognizable -- I mean, what had happened then  
25 was there were a lot of people who wanted to help write it,

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CAS-7 1 but what North had written went over to one of the  
2 President's speech writers and he sort of started over as far  
3 as I could see.

4 Q Was there anybody else there that day working on  
5 the speech?

6 A Yes. The two North deputies or two North fellows  
7 working with him -- Craig Coy --

8 Q Was General Secord there while you were there?

9 A No.

10 Q How about Mr. McFarlane, was he there while you  
11 were there?

12 A No.

13 Q Did you have any discussion -- by this time I take  
14 it you had seen these memoranda relating to the Furma~~rk~~  
15 conversations?

16 By the 13th?

17 A 13 November?

18 Q Right.

19 A Yes, I must have, sure.

20 Q And so now you are in a face-to-face meeting  
21 with Colonel North working on this whole problem, at least of  
22 the Iran initiative. Did you have any conversation with  
23 him at that time about the suggestions that were made in the  
24 Furma~~rk~~ memorandum?

25 A No, I didn't, and I would have to tell you North

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CAS-8 1 was going crazy trying to -- this sounds like an excuse --  
2 North was going crazy trying to get this thing written  
3 because he was getting angry calls from speech writers,  
4 from Poindexter, from Peter Rodman, from Poindexter's  
5 deputy, from everybody except the President.

6 So the rest of us were trying to go through these  
7 drafts line by line while North is shouting into the  
8 telephone. There wasn't much of a chance for discussion on  
9 other matters.

10 And I will say that if there had been -- I am not  
11 sure --

12 Q Between this time and the 13th and the 20th  
13 of November, did you have any other meetings or any other  
14 contact with North in his office?

15 A No.

16 Q You do not reappear to work on the NSC  
17 chronology?

18 A No.

19 Q Did you see North out at the agency during those two  
20 days?

21 A Two days -- 13 and 20.

22 Q The 13th and the 20th?

23 A No.

24 Q There comes a time when on the 20th, the 19th  
25 or the 20th when Mr. Casey's testimony is actually now being

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CAS-9 1 drafted. You indicated that something is taking place from the  
2 N.E. Division in order to prepare a chronology for that. Was  
3 that immediately prior to the time that Casey's testimony  
4 was going to be given, is that the reason that you were  
5 drafting chronology?

6 A Yes, our request was to draft up as complete a  
7 chronology as we could for use in pulling it together in his  
8 testimony.

9 Q Was the N.E. Division charged with drafting the  
10 complete chronology? Were you the ones who were charged with  
11 putting the whole story together?

12 A My impression was that several people were  
13 drafting up different parts of it to the best of --  
14 everybody who could contribute would do whatever they could and  
15 then Casey's executive aid would pull it together in a  
16 clear statement.

17 MR. EGGLESTON: Diane, you probably know more about  
18 that chronology than I seem to recall. Are there provisions in  
19 the beginning of it about the time period prior to  
20 January 1986?

21 MS. DORNAN: Yes. I believe there was  
22 reference to the September and November shipments.  
23 Chuck, you may recall what exactly was at issue with  
24 North. I don't recall.

25 MR. KERR: The issue, I believe, was the

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CAS-10 1 November --

2 MS. DORNAN: Maybe an Israeli involvement, but anyway  
3 North did make a general comment without going any further  
4 as I recall, he simply said that it was not accurate prior  
5 to January, but after that it was good.

6 MR. KERR: The initial draft stated that the  
7 August-September 1985 sale of TOW missiles was done at the  
8 behest of NSC. Do you remember any discussion with [REDACTED]  
9 over the pre-January 17, 1986 aspects of his chronology.  
10 Whether it is August or September or November, anything  
11 like that?

12 THE WITNESS: No, I don't.

13 MR. KERR: Any request by North that a change be  
14 made in the chronology?

15 THE WITNESS: Not that I was aware of. You  
16 aren't saying that North told --

17 MR. KERR: I am saying that North wanted to change  
18 the chronology, yes. My impression --

19 THE WITNESS: The pre-January --

20 MR. KERR: Aspects of that with which he disagreed,  
21 yes.

22 BY MR. EGGLESTON:

23 Q In any event, we don't need to ask you --

24 MR. KERR: You don't recall such a conversation  
25 on that score?

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CAS-11 1 THE WITNESS: No. [REDACTED] is very thorough in  
2 reporting back to me, so I --

3 MR. KERR: It could also be a mis-recollection on  
4 my part. I am interested whether or not you recall a  
5 discussion with him about talking to North about the  
6 chronology. The one point that stuck in my mind is you had  
7 told him to let North review the chronology but instructed  
8 him not to leave the chronology with North. Do you recall  
9 giving any such instructions to [REDACTED]?

10 THE WITNESS: No, I don't recall that. If that  
11 is [REDACTED] recollection, I am sure it is accurate.

12 MR. KERR: I think several of us were left  
13 with the impression that there might have been some heat  
14 generated by this matter. You don't remember that either,  
15 I take it, that there was some real stress, difficulty between  
16 North and your office about [REDACTED] chronology?

17 THE WITNESS: I am sorry. I just don't recall  
18 any.

19 MR. KERR: That is fine.

20 BY MR. EGGLESTON:

21 Q Did you see North over the weekend or any time  
22 between November 21 and November 25?

23 A No.

24 Q November 25th is the day that Colonel North is  
25 fired and Admiral Poindexter steps down. Did you speak to him

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CAS-12

1

over that time period?

2

A No.

3

Q When is the first that you learned that the

4

Colonel is going to be fired or maybe had been fired?

5

A I listened to the speech in the office, the Meese

6

statement.

7

Q You did not otherwise know what was coming?

8

A No.

9

Q Did you speak to Colonel North after he was fired?

10

A No.

11

Q Have you spoken to Admiral Poindexter?

12

A No.

13

Q I think that I am done.

14

MR. KERR: There are two or three areas that I need

15

to touch on before we close.

16

**EXAMINATION**

17

BY MR. KERR:

18

Q Do you know a gentleman by the name of

19

[REDACTED] who was chief of your [REDACTED]?

20

A Yes.

21

Q Do you recall having discussions with him in April

22

of 1986 about a vessel known as the Erria?

23

A Yes.

24

Q Could you relate to me your best recollection of

25

what transpired between you and him regarding the Erria?

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CAS-13 1 A Colonel North was pushing his boat -- what we termed  
 2 his boat, a boat controlled by him, on us for use [REDACTED]  
 3 [REDACTED] We  
 4 wanted no part of that.

5 And again, this comes back to this very basic  
 6 compartment<sup>a</sup>ization thing, whatever North is using that boat  
 7 for, and I recall a whiff, probably from the [REDACTED] memo,  
 8 that the boat was used for Central American deliveries.  
 9 I wanted no part of that [REDACTED]

10 [REDACTED]  
 11 [REDACTED]  
 12 [REDACTED]  
 13 [REDACTED]  
 14 [REDACTED]  
 15 [REDACTED]  
 16 [REDACTED]  
 17 [REDACTED]  
 18 [REDACTED]  
 19 I had enough problems with North on Iran, I didn't  
 20 really want him in the middle [REDACTED]  
 21 [REDACTED]  
 22 [REDACTED]  
 23 [REDACTED]

24 Q Yes. I have also talked to [REDACTED] but I need  
 25 your recollection of what happened. How did North come to

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CAS-14 1 know --

2 A You have the [REDACTED] memo there?

3 Q I don't have it with me. How did North come to  
4 know [REDACTED]

5 A He was a member of an interagency planning group,

6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED] And he was  
9 present at some of those meetings.

10 Q When he learned [REDACTED]  
11 [REDACTED] North approach you about the Erria?

12 A I think initially what he tried to do was -- I think  
13 he tried to make a phone call for us on our behalf or have  
14 Poindexter make a call [REDACTED]

15 Q Did he do that at your request?

16 A No.

17 Q On his own volition?

18 A I didn't discourage him from it. I knew that he  
19 was going to do it. I think it was his suggestion and I am  
20 sure I said, fine, that would be very helpful. Then some  
21 period of time went by [REDACTED]

22 [REDACTED]  
23 [REDACTED] but it was at that point he suggested that he  
24 had access to a -- that he had a boat that he could provide.

25 Q The first discussion that you had with Colonel North

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CAS-15 1 about [REDACTED] would have taken place  
2 when in time?

3 A I don't know.

4 Q January, February?

5 A No, no. This is much later. When is the [REDACTED]  
6 memo?

7 Q The [REDACTED] memo is April 23. I am trying to find  
8 out when the first call by Poindexter [REDACTED] would have  
9 been. Would it have been early April?

10 A I would guess so. It would have been fairly  
11 shortly before [REDACTED] got in the act.

12 Q Have you ever heard of the vessel Erria or any  
13 other vessel associated with Colonel North prior to this

14 [REDACTED]  
15 [REDACTED]

16 A No.

17 Q With regard to the Erria, did you discuss with  
18 Colonel North what a Marine Lieutenant Colonel was doing  
19 with a freighter?

20 A I think he told me that this was a boat that he used  
21 for Central America. I am quite sure he did.

22 Q Did he indicate to you that he owned or operated  
23 this vessel?

24 A No.

25 Q Did he indicate how it came to pass that a Marine

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CAS-16 1 Lieutenant Colonel was operating a freighter in Central  
2 America?

3 A No.

4 Q With regard to the contact with [REDACTED]  
5 after Colonel North indicated that he would have this freighter  
6 available, did you tell him to get in touch with [REDACTED] or  
7 did you bring [REDACTED] into the office, how was the connection  
8 between the two of them made?

9 A It has been a long time since I have read that  
10 [REDACTED] memo. And my recollection is -- I don't remember  
11 how that happened, but my recollection is that [REDACTED]  
12 was involved in that decision to send [REDACTED], and this is April  
13 he is still the Chief of the Division at this point.

14 Q Assuming he made the decision --

15 A You see what I don't recall was whether that came  
16 from the seventh floor down to [REDACTED] in other words, North  
17 having not gotten a positive answer -- I have an impression  
18 that he then offered it up to either Clair George or Casey.

19 Q "He" being North?

20 A He being North. So he is coming around me, and it  
21 came down to [REDACTED] I can't be absolutely sure of that,  
22 but I think that happened.

23 Q The memorandum says that the vessel apparently has  
24 been used by North and company to move material to Central  
25 America.

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CAS-17 1                   When I talked to [REDACTED] I was left with the  
2 impression that he got that information about the vessel  
3 from you. Do you recall giving him that information?

4           A     Well, if I had heard that from North, and my  
5 recollection is I did, I certainly would have shared it with  
6 [REDACTED] I would have told him anything I could.

7           Q     Do you know of anyone else who would have known  
8 that the Erria had been used to move "material" to Central  
9 America?

10          A     I don't know.

11          Q     Do you recollect what material you knew the  
12 Erria had been used to ship to Central America?

13          A     I didn't know.

14          Q     You didn't know whether or not it was a military  
15 boat?

16          A     No.

17          Q     You had no discussion with Colonel North in the  
18 spring of 1986 regarding that?

19          A     No.

20          Q     With regard to contacting Colonel North, my  
21 impression of what [REDACTED] told me is that you gave him a  
22 way of getting in contact with North's agent, if you will,  
23 is that your recollection?

24          A     Say that again.

25          Q     How was [REDACTED] supposed to get in touch with North

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CAS-18

1 and how were you going to put him in touch with North?

2 A [REDACTED] reached North; is that right?

3 Q Did you have anything to do with putting [REDACTED] in  
4 touch with Colonel North or someone acting for Colonel North  
5 with regard to the Erria?

6 A I am not quite sure why [REDACTED] had to be in contact  
7 with North, was he in contact directly with North? What I  
8 am getting at is I have forgotten the [REDACTED] memo, as I said,  
9 but I would have thought that we simply had a phone number and  
10 a name of the business man and that was provided to us by  
11 North and we told [REDACTED] to go about it. I don't recall that

12 [REDACTED] --

13 Q Was it you or was it [REDACTED]?

14 A It would have been either me or [REDACTED]. I have a  
15 recollection that this came around North, from North to the  
16 seventh floor. It didn't make me feel very cozy about it,  
17 which is why I think I recall it and that North having  
18 gotten a stiff arm from me was finding another way to let his  
19 vessel be used by the CIA.

20 Q Do you recall having a conversation with Colonel  
21 North about this business man [REDACTED] was to get in  
22 touch with?

23 A No. I have forgotten his name.

24 Q Would the name Robert Olmstead refresh your  
25 recollection?

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CAS\_19 1

A No.

2

Q Did you have a discussion about Robert Olmstead  
with Colonel North?

3

4

A No.

5

Q Do you know if there is a person named Robert  
Olmstead?

6

7

A The man [REDACTED] talked about meeting was Robert  
Olmstead. I assume that was a real name.

8

9

Q Was there any checking done at CIA to determine the  
identity of Robert Olmstead?

10

11

A As I recall, there was a business card attached to  
the memo.

12

13

Q If you had checked that out you would have found that  
it went to an answering service that has a number of things  
that happened there. You didn't check it out?

14

15

16

A No.

17

Q You didn't have a discussion with Colonel North  
about the fact that he was going to give you a person under  
an alias with regard to the Erria?

18

19

20

A No. I never heard that. Are you sure -- the  
independent prosecutor asked me about Olmstead and I gave  
him that [REDACTED] memo with the business card attached and  
he -- his reaction was such that he seemed to think that  
was a real person, so I am surprised that you tell me it  
isn't.

21

22

23

24

25

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CAS-20

1

Q We think we know who he is and his identity. But

2

You never met Robert Olmstead?

3

A No. If you do know an identity and want to

4

confirm that, just show that photograph to [REDACTED]

5

Q He will get that opportunity. You don't need to

6

have that opportunity because you have never met Olmstead,

7

right?

8

A Yes.

9

Q With regard to the Erria, did you have further

10

discussions with Colonel North about the Erria at any time?

11

A Well, I think it took us a while, yet after that

12

incident before we got North turned off on the Erria, but we

13

eventually did and made clear to him, and I got seventh floor

14

support not to use that [REDACTED] and that

15

effort continued through the summer, so there may have been

16

another point when he tried again, but it didn't get anywhere.

17

Q [REDACTED] had two meetings with a person that he

18

knew as Robert Olmstead. Did you have discussions with

19

[REDACTED] about these meetings after he had them?

20

A I read the memo and then we, [REDACTED] and I, both

21

had discussions with him.

22

Q Can you relate to me your best recollection of what

23

transpired in those discussions?

24

A The principal point in my recollection was that it

25

confirmed that we would not use North's boat from what

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CAS-21 1 detail [REDACTED] got. And again, I am sorry, but I haven't seen  
2 that [REDACTED] memo.

3 MR. PEARLINE: You may want to  
4 wait until he has a chance to refresh his memory.

5 MR. KERR: We will come back to that and you will get  
6 an opportunity to refresh your recollection. With regard to  
7 the vessel Erria, [REDACTED]

8 [REDACTED] did there come another time when the  
9 Erria came to your attention as a matter that would be of  
10 concern to the N.E. Division?

11 THE WITNESS: I don't recall that the name of that  
12 boat was used but there was very late in this, in October,  
13 when the new <sup>channel</sup> ~~Chairman~~ was offering up a P-72 tank  
14 to be picked up in Bandar Abas. I recall some discussion  
15 by North that he would use his boat, again, name unstated --  
16 I don't know if it is that one or another one, to go from the  
17 Mediterranean, deliver some million supplies, and then he  
18 would come back out.

19 BY MR. KERR:

20 Q Do you recollect any discussion at that time of a  
21 rental fee to be paid by the agency for the use of the good  
22 ship Erria?

23 A No.

24 Q In between April and October of 1986, you have no  
25 recollection of having any other knowledge of agency

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CAS-22 1 involvement with the ship Erria; is that correct?

2 A That is correct.

3 Q You had no knowledge of the purchase in late August  
4 1986 of \$2.1 million worth of ammunition and arms  
5 aboard the vessel by the CIA?

6 A No.

7 Q You had no knowledge that those goods were owned by  
8 General Secord and his partner, Mr. Hakim?

9 A No.

10 Q You had no involvement in the decision by the agency  
11 to purchase those goods in August 1986, is that correct?

12 A What you are telling me is the first I have heard of  
13 this, sir.

14 Q With regard to the April discussions about the Erria  
15 you were aware of the rental that Colonel North was requesting  
16 to be paid; is that correct -- Mr. Olmstead, I am sorry.

17 A Yes. I don't remember Mr. Olmstead saying that,  
18 but I do recall North talking about there would be  
19 expenses. And that the agency would have to pay the  
20 expenses of that boat for that period of time we used it.

21 Q Did it ever come to your attention the rental  
22 per month or the rental for six months that the owners of the  
23 Erria had in mind that the agency pay them?

24 A I think North did give me a figure and it might  
25 have been a per month figure which I didn't -- we had already

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CAS-23 1 made the decision. In my mind I didn't want any part of it,  
2 but I recall the figure being pretty stiff [REDACTED]

3 [REDACTED]  
4 [REDACTED]  
5 If I were to suggest to you the figure of \$200,000 per  
6 month or 1.2 million for six months rental, would that refresh  
7 your recollection?

8 A It does not, but I am sure that North did give me a  
9 figure.

10 Q Were you knowledgeable in April of 1986 of the  
11 price paid in April 1986 to acquire the Erria by the folks  
12 that Colonel North was working with?

13 A No.

14 Q He didn't discuss that with you?

15 A No.

16 Q So you were not aware that the price was only a  
17 couple hundred thousand dollars for the vessel itself?

18 A No.

19 Q [REDACTED] was the gentleman that you worked with at  
20 the outset and [REDACTED] worked with later on with regard  
21 to the logistic side; correct?

22 A Correct.

23 Q Your initial meeting with [REDACTED] on this  
24 transaction took place January 24 about a week after you were  
25 introduced to the finding?

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CAS-24 1 A That is about right.

2 Q Do you recall that your first meeting with him was  
3 at a meeting of [REDACTED] the Chief of [REDACTED]  
4 [REDACTED] and [REDACTED] Chief of [REDACTED]

5 A I remember being introduced to [REDACTED] by [REDACTED]  
6 [REDACTED]. I don't remember who else was present.

7 Q Do you recall that you briefed [REDACTED]  
8 at such a meeting on what it was that you wished him to do?

9 A That would sound logical.

10 Q Do you recall that you told [REDACTED] what you  
11 believed to be the ball park figure at that time for the  
12 missiles on a per missile basis on January 24?

13 A 24 January?

14 Q Yes.

15 A Well, I would think it would have been the \$6,000  
16 per missile at that point.

17 Q Do you recall giving him that figure at your initial  
18 meeting with him?

19 A No.

20 Q Do you recall having such a figure at that time of  
21 \$6,000 per missile?

22 A That was the initial figure that I had been given  
23 and in terms of time sequence, the second -- the lower figure  
24 came back to me from [REDACTED], so the 6,000 at the first meeti  
25 would make sense.

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CAS-25 1 Q Did you get that figure from General Russo?

2 A Yes.

3 Q And you got that figure by talking to Russo yourself?

4 A Yes.

5 Q Do you recall at the first meeting asking

6 [REDACTED] whether or not the \$6,000 figure struck him as being  
7 reasonable?

8 A No.

9 Q Do you recall suggesting to him that the price was  
10 too high?

11 A Well, I might well have done so if, as I have  
12 said previously, North had reacted that it was too high, and  
13 I may well have, probably did ask him to discuss this with --  
14 in his logistics channel.

15 Q Do you recall instructing [REDACTED] that he was  
16 to meet immediately with General Russo himself, immediately  
17 being that day?

18 A I think that is right. I think he did that at the  
19 end of the afternoon or even in the evening and that had been  
20 prearranged.

21 Q Do you recall that between the time he left the  
22 meeting with you and the time he met with General Russo  
23 you had a conversation with General Russo, a telephone  
24 conversation?

25 A Quite probably I did to confirm to him that [REDACTED]

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AS-26

1 was coming. In fact, I recall noting to Russo that this --  
 2 I was sending to him a man who had previously worked for him in  
 3 Army Logistics, because I didn't initially have that name.  
 4 So what I was doing was giving Russo the name of who was  
 5 coming.

end

6

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1 BY MR. EGGLESTON:

2 Q Do you know if you added up all the prices  
3 that were on the list that had been adjusted for non-FMS  
4 sales? Did you know what the price was going to add up to  
5 be?

6 A I am sorry. Would you repeat the question?

7 Q Do you know on the adjusted price list that the  
8 agency was in the process of preparing that if you added  
9 up all the prices that were on it that were relevant to  
10 this, what figure you would have come up with?

11 Would you have come up with \$24 million?

12 A No, no. I don't remember having seen what they  
13 were coming up with, but I recall [REDACTED] telling me it  
14 was going to be something like maybe 20 percent over what  
15 the Iranians have.

16 I know there was -- we are talking about 6.5  
17 and 20 percent above that? I don't recall seeing what it  
18 was we were talking about producing, but my recollection  
19 was that it was a rather small investment, 20, 25 percent  
20 more than that.

21 BY MR. KERR:

22 Q [REDACTED], I have lost something here. I take  
23 it the recipient [REDACTED] is saying, in essence,  
24 "I have been cheated," substantially.

25 If you all wanted to be straightforward and

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~~SECRET~~

1 honest with him, why didn't you just tell him what you  
2 paid for the <sup>ward</sup>~~work~~?

3 You knew what you paid, right?

4 A I am not sure I understand.

5 Q Why didn't you tell [REDACTED] what it was that  
6 the agency's price was? You knew what that price was.

7 A Why would I do that?

8 Q If [REDACTED] problem is he doesn't understand  
9 why he has such a bad price and if you all want to be  
10 honest folk, why didn't you tell him what the real price  
11 was?

12 A Well, because I wasn't in communication with  
13 [REDACTED]

14 Q You all went to a lot of difficulty coming up with  
15 a price list that didn't exist, a price list that was to be  
16 the adjusted price list.

17 The reason you did that, I take it, was because  
18 you wanted to give some measure of cover or credibility  
19 to whatever it was Mr. Ghorbanifar had done to  
20 [REDACTED] isn't that right?

21 A Yes, you know --

22 Q The question is why -- why would you do that?  
23 Why would you want to help out Mr. Ghorbanifar if he,  
24 in fact, perpetrated a sting?

25 A Well, I don't recall ever wanting to help

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mag3

1 Mr. Ghorbanifar.

2 I do recall wanting to help Colonel North in the  
3 channel in helping to explain some of the other expenses  
4 which I didn't understand at all.

5 And it was Colonel North who was requesting this,  
6 and what I thought we were doing was helping decrease the  
7 difference between what Ghorbanifar was alleging, which  
8 was that the Iranians ordered him a whole bunch of money,  
9 and what the Iranians were alleging, which was Ghorbanifar  
10 ordered them a whole bunch of money.

11 So, I thought the quarrel was between those two  
12 parties and North was trying to make that less, and we  
13 were --

14 Q I am really curious what you thought it was  
15 North was trying to do.

16 Did North give you the request to come up with  
17 a different price list that could then be conveyed?

18 A No, he didn't.

19 Q Who did he give that request to?

20 A That request was given, as I recall, to [REDACTED]

21 Q Directly?

22 A I don't know whether it came from North or  
23 whether at that point it came from North's -- the other  
24 guy helping North on this, Bob Earl, because at that point  
25 a lot of the nitty-gritty on this was being done between

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1 Earl and [REDACTED] So, one of those two, North or Earl  
2 came to [REDACTED] with this request.

3 Q Directly, not by way of you. You gave them  
4 access to your subordinate, direct access?

5 A Right.

6 Q When [REDACTED] got this task, did he tell you what  
7 the task was?

8 A Yes.

9 Q Did he tell you what explanation had been given  
10 to him by North, Earl, or whomever else?

11 A Well, he is pretty thorough. I am sure he did.

12 Q What was his explanation?

13 A I don't remember.

14 Q I see.

15 A But as I did say, my recollection was that we  
16 were adding something like 20-25 percent on.

17 Q I am still having trouble with that. That is not  
18 20-25 percent charged by anybody to anybody. That would be  
19 a totally phony number. Isn't that right?

20 A Yes, it is in addition to the charge that we  
21 charged to NSC. It still doesn't come close to explaining  
22 the whole --

23 Q Whether it comes close or not, that is a  
24 figure that never factored into the deal; isn't that  
25 right?

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1                   You didn't have any understanding that some  
2 charge had been made to somebody along the way based on  
3 what a non-FMS country would pay for it.

4                   That was never part of the transaction, was it?

5                   A     Well, let me try this.

6                   You got -- I have gone through this before, but  
7 in all of these transactions you have got several  
8 recipients, the Iran political [REDACTED] recipient among  
9 them.

10                  Q     Bear with me. I understand all the recipients  
11 and all the pieces.

12                  A     The Israelis, Secord, so on.

13                  Q     What I don't understand is what the Central  
14 Intelligence Agency of the United States is doing  
15 trying to generate a cover story, be it a 15 percent,  
16 20 percent, or 200 percent, to help out one of these  
17 middlemen who had gotten caught by his customer.

18                  I don't understand what you all were doing that  
19 for.

20                  A     Well, you see, you are using words that are --  
21 I understand the words, but that wasn't the context that  
22 we were working in.

23                  You used the word "cover story." There was  
24 never a point --

25                  Q     [REDACTED]

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1           A     We understood that that was to be a cover story  
2 for Ghorbanifar.

3           Q     [REDACTED] had a request from Mr. North to come  
4 up with a story on how one could inflate the prices that  
5 the agency had actually paid for these weapons.

6           A     No, it wasn't a story. It was a pricing list  
7 which was in excess of the pricing list which the Iranians  
8 had.

9           Q     True, but for a transaction that had not taken  
10 place. Assuming [REDACTED] had come up with such a list,  
11 it would be for a transaction completely different from  
12 what the transaction was you all had done; isn't that  
13 right?

14                     It would be a pricing list for a sale to a non-  
15 FMS nation; isn't that right?

16           A     Yes.

17           Q     That was not the transaction you engaged in  
18 here, was it?

19           A     Yes, that is right.

20           Q     All right.

21                     So you are dealing with a story, something that  
22 has nothing to do with the reality of the sale taking  
23 place. Isn't that right?

24           A     No. I think it does have to do with the -- I am  
25 sorry, but you see, what you are trying to get me to say is

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1 that we knowingly were helping Ghorbanifar, and I am  
2 saying --

3 Q I don't say that -- I wouldn't take it that far,  
4 that you were knowingly helping North to come up with a  
5 story that had plausible deniability that he could then use  
6 to assist whoever he cared to assist.

7 A That is correct.

8 Q That is what you were doing; isn't that right?

9 A That is right. We were trying to help Colonel  
10 North, no question about it.

11 MR. KERR: Okay. Thank you.

12 BY MR. EGGLESTON:

13 Q What is the reason you were trying to help  
14 Colonel North?

15 A He -- this is hard to answer, because we all  
16 know what Colonel North was doing now.

17 Q Right.

18 A We know that. We didn't know that at the time,  
19 as I have said repeatedly.

20 The reason we were trying to help Colonel North  
21 is because there is so much anguish in this channel, and  
22 North is desperately trying to stop these parties from  
23 warring so he can get on with a July -- what turned out to  
24 be<sup>a</sup> July hostage release.

25 He is trying to make the mechanism work. He comes

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1 to us with a request to provide a, quote, "non-FMS --  
2 that was the description -- non-FMS price list, and we  
3 responded to his request.

4 BY MR. KERR:

5 Q Let me interrupt again.

6 I am a simpleminded country boy from Baltimore,  
7 and the way you all work where you get from point A to B  
8 by going around the world confuses me.

9 But it seems to me that if you all had a problem  
10 with the customer being charged too much, that the simple  
11 way to deal with it is tell the guy that took the money  
12 to give it back.

13 Did anybody suggest to Colonel North and find out  
14 what would happen if that request was made? Colonel North,  
15 go to Ghorbanifar and tell him to give the money back.

16 Did anybody suggest that to him?

17 A I think I agree that you are a simpleminded  
18 country boy from Baltimore, because you don't do it  
19 that way.

20 Q Obviously, obviously.

21 A Just never happens. It isn't going to work.  
22 It isn't going to help.

23 Q Why not? Why not? Because you know Colonel  
24 North was using that money in Central America?

25 MR. MOFFETT: Wait a second. Could you just ask

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1 simple questions to the witness, please, and not make  
2 any implications.

3 MR. PEARLINE: We have denied repeatedly that we  
4 had knowledge that the money was being used for Central  
5 America.

6 MR. KERR: And we have repeated evidence that  
7 Ghorbanifar told you that that is what he had in mind, which  
8 you also denied.

9 MR. MOFFETT: Wait a minute, wait a minute.  
10 That is not --

11 MR. PEARLINE: He never said that. He was told  
12 that for the record. I think it is unfair to make those  
13 allegations which he has denied in sworn testimony.

14 MR. KERR: That is [REDACTED] position. That is  
15 right.

16 MR. PEARLINE: It doesn't do any good to repeat --  
17 you may have a difference of opinion, but I mean he is on  
18 the record with respect to that.

19 MR. KERR: That is true.

20 MS. DORNAN: Perhaps I can interject.

21 BY MS. DORNAN:

22 Q Again, we are confused on the dates. You are  
23 referring to this before the July hostage release and  
24 [REDACTED] doing it.

25 But a [REDACTED] is [REDACTED] whether [REDACTED] came

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1 on that early.

2 But I would add that when [REDACTED] was  
3 interviewed he viewed it as justifying the price. He  
4 phrased it in those terms as trying in some way -- he  
5 didn't mention FMS, but he did say he was trying to  
6 justify the price somehow.

7 He said it was possible to do that with TOWs,  
8 but a big problem was the Hawks. There was no way we  
9 could get up the price high enough on the Hawks to make  
10 it appear credible.

11 A Yes.

12 Q So, he was trying to justify the price.

13 My question really is, didn't you wonder since  
14 he was trying to justify this to [REDACTED] and you knew  
15 part of the problem might be that there was a rake-off  
16 in Tehran, but [REDACTED] would know what the rake-off was in  
17 Tehran.

18 So, he still --

19 A Yes, that is right.

20 Q So, he still got a major markup in addition  
21 to the rake-off.

22 A That is correct.

23 Q So, didn't that lead you to wonder who is raking  
24 it off -- is it North, is it the Israelis, is it Secord?

25 At this point, you are trying to justify that

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1 rake-off for somebody else. Didn't that lead you to  
2 wonder who it was and what it was for?

3 A No, I am a simple country boy from Iowa, and  
4 it never occurred to me -- ~~Sorry~~ -- that North was raking  
5 it off. That was beyond the <sup>Paleo</sup>~~scope~~.

6 Q Didn't you wonder about the legitimacy of  
7 justifying this when you knew it wasn't the Iranians  
8 raking it off?

9 A No. You can say I wasn't paying attention and  
10 should have thought that, but I -- in the timing of this  
11 fiche thing, it was handled by [REDACTED] whenever it was,  
12 so that has got to be July, doesn't it?

13 MR. KERR: No, not until after mid-August.

14 THE WITNESS: Mid-August.

15 MR. KERR: If he is telling the truth.

16 THE WITNESS: Well, he is telling the truth,  
17 which means that we did nothing on the fiche until he came  
18 on in mid-August.

19 BY MR. EGGLESTON:

20 Q You don't recollect anyone else working on it  
21 before [REDACTED] on the fiche?

22 A No.

23 BY MS. DORNAN:

24 Q Another reason why the date is important is  
25 that if it was in the August time frame by that time you

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1 were on the second channel. And you were trying to get  
2 rid of Ghorbanifar gracefully, you know, trying to resolve  
3 this pricing dispute and get rid of him so he doesn't  
4 spoil the second channel.

5 That is when, before that, you might have had  
6 a different motive. So, the timing is important.

7 A The new channel was looking like it might do  
8 something by late August. The first meeting was early  
9 September.

10 Q So, that was before July.

11 A Yes, that is right.

12 BY MR. EGGLESTON:

13 Q You would have still maintained your concern  
14 about the Ghorbanifar situation.

15 A Sorry?

16 Q You are not wanting to totally alienate  
17 Ghorbanifar either, even into the fall, as I understand  
18 it, from the memoranda.

19 A That was clear when we got involved in all the  
20 Furmark business that we had all this anguish and that  
21 was -- that anguish was there before the Furmark thing  
22 started up. It was important not to have Ghorbanifar so  
23 angry that he would go public.

24 Q When did the second channel actually start  
25 getting underway, do you know?

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1           A     Well, I think you have the meeting dates as  
2 19-20 September. That was the first meeting of the new  
3 channel. And I would have said there would be -- there was  
4 a prior meeting that Cave went to in Europe in early  
5 September, so I guess late August, first week in September.

6           Q     Did you understand that that was the channel  
7 developed by Secord and Hakim?

8           A     Yes.

9           Q     All right.

10          A     By Hakim -- I am not sure I --

11          Q     By Hakim.

12          A     Definitely Hakim was putting it together.

13          Q     Did you know how Hakim was able to put that  
14 together?

15          A     Yes, we had the details on that. I think we have  
16 turned those all over to you. I don't know the details  
17 of who Hakim went to first, but we have the names of the  
18 people involved and who he talked to and who was involved.

19          Q     Let me just ask you during this time period now,  
20 through the second, through the TOW deal which takes  
21 place in late October and early November that leads to the  
22 release of hostage Jacobsen, are you still the person  
23 who is principally in charge of this operation at the  
24 agency?

25          A     This is July of --

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1 Q Where the -- of 1986.

2 A 1986. No, I am not. I am still the person who  
3 is principally in charge of assisting North, but there  
4 comes a point there where the hostage responsibility has  
5 moved over to Dewey Clarridge so there is sort of a split  
6 area of responsibility there. He is in charge of arranging  
7 hostage release and making all the arrangements for handling  
8 them immediately after and the interagency mechanism for  
9 doing that and making the arrangements for what you do with  
10 the hostage in Beirut to make sure he gets out alive,  
11 if, indeed, he turns up in Beirut, and you recall that  
12 I think both the previous ones had turned up in Damascus,  
13 both of the previous ones being Levine, the guy who  
14 escaped, and Weir.

15 So, we had -- there is a dual -- a split  
16 responsibility between Clarridge and myself.

17 Q At what point does that arise? At what point  
18 does Clarridge become principally involved or heavily  
19 involved?

20 A There was -- [REDACTED] was formed in February of 1986,  
21 and the hostage responsibility moved over to them two or  
22 three months later, so something like May.

23 I recall briefing Dewey in detail about the May  
24 meeting in Tehran, because he had to know about that, his  
25 new responsibilities.

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1 Q Was he involved prior to the May trip to  
2 Tehran?

3 A Well, he may have, because once he got into the  
4 [REDACTED] thing, he was working on terrorists, which immediately  
5 puts him into the middle of Beirut and hostages.

6 So, there was almost from the first day, there  
7 was a dispute over -- this is a fairly painful dispute --  
8 over a three-month period who would retain the hostage  
9 responsibility [REDACTED]

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Q One or two more things, if I may.

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I would like to pick up now with the  
conversations and revelations made by Furmark, first  
directed to the director and then later involving other  
people.

I believe the first meeting with the director  
is around 7 of October, in the director's own memorandum,  
I believe.

How soon after that were you aware that the  
director had spoken with Furmark about this issue?

A I went through that with the SSCI and had a fair

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1 amount of difficulty recalling when I first learned of that  
2 Furmark memo. I went on a trip with Mr. Gates the second  
3 half of October [REDACTED] and we were gone for  
4 two weeks, and I think I saw the first Furmark memo before  
5 I went on that trip, as I recall.

6 Now, Cave went up to see Furmark for the second  
7 memo -- do you have those there?

8 Q I have a memorandum that was drafted, I think,  
9 by Charlie Allen where Charlie and George went up.

10 A What is the date on that?

11 Q The date of the meeting is the 22nd. The memo was  
12 undated.

13 A Well, I was gone from roughly the 15th or the 13th  
14 to the 30th, 29 or 30th. The first memo I think I saw  
15 before I went on the trip, like the day before, and I was  
16 confused on these memos during when I was talking to the  
17 SSCI, and I think I saw these two well into November when  
18 I came back.

19 Q There is another one that Charlie Allen drafted  
20 which was --

21 A That is the third one?

22 Q Which related to a meeting. This is a previous  
23 one, previous to the one I gave you which related to a  
24 meeting he had apparently alone with Furmark.

25 A This is one of the three?

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1 MR. KERR: The first is a very short memo by  
2 Director Casey.

3 THE WITNESS: I am talking about the three  
4 Charlie Allen memos, his 14 October meeting.

5 MR. KERR: The first Allen contact I know of  
6 is October 16.

7 THE WITNESS: Fourteen.

8 MR. KERR: Okay. This says 14.

9 BY MR. EGGLESTON:

10 Q He has a memo of the 14th setting forth his  
11 concerns. His first contact with Furmark is the 16th.

12 A Sorry, I think you are right.

13 Q But Charlie Allen comes out with a memo  
14 expressing concerns before he ever talks to Furmark.

15 MR. KERR: The first actual communication  
16 between Furmark and Allen that he admitted to me so far  
17 is on the 16th of October.

18 THE WITNESS: Then if that is the case, then  
19 the memo that I vaguely recall seeing before I went on  
20 the trip had to have been Charlie's memo of concern.

21 MR. KERR: Right.

22 MR. PEARLINE: That is right.

23 THE WITNESS: Not the Furmark memo, because I had  
24 already left Washington.

25 BY MR. KERR:

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1           Q     The colonel's memo is dated October 14. You would  
2 have received that at or about the time that you left. Is  
3 that what you are saying?

4           A     Yes.

5                     Well, his memo dated the 14th I could  
6 conceivably have seen before I left town.

7           Q     You would not have seen any additional memorandum  
8 until mid-November; is that correct?

9           A     Until I came back, which was the end of  
10 ~~November~~<sup>October</sup>. I came back on Halloween, the 30th of October,  
11 and my recollection -- I must have seen those within a  
12 week. I don't recall that I saw them immediately. It  
13 didn't come to my attention immediately when I came back,  
14 as I remembered wondering why it didn't.

15          Q     So you think it was some period of time after you  
16 got back before you saw the other memos?

17          A     A week, ten days.

18          Q     After seeing the memo of the 14th before you left  
19 on the trip, what reaction did you have to it?

20                     As I recall, the memorandum -- I believe that is  
21 Charlie's memorandum that expressed great concern about the  
22 security and what Ghorbanifar might do and how to try  
23 to -- that it was entering a crisis period.

24                     MR. EGGLESTON: He is certainly concerned. Let  
25 me show you that this is the memorandum. Mr. Kerr just

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1 gave it to me.

2 THE WITNESS: I was at this point a day or two  
3 before I went on my trip consulted with Clair George on  
4 how to handle this channel in my absence.

5 I had a new deputy who had not been there very  
6 long and had a lot to learn, and I recommended to Clair  
7 that I turn over the -- during my absence anything having  
8 to do with the North effort, be handled by Dewey  
9 Clarridge, and North was notified by me that Dewey would  
10 handle any problems or any questions he had in the following  
11 two weeks.

12 I can't swear that this is something that  
13 I saw before the trip, but I do have a recollection of  
14 seeing something important, a good memo done by Allen  
15 before I went on that trip.

16 BY MR. KERR:

17 Q We have a note from Director Casey's diary on  
18 October 14, 1986, you met with Director Casey and George  
19 Cave.

20 Do you recall meeting with them?

21 A Both George Cave and Casey?

22 Q That is what the note says. Unfortunately, it  
23 doesn't say what it is about. I was curious whether it  
24 was about this material.

25 A Well, it should have been if it was George Cave,

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1 and George met with him a couple of times, with Charlie  
2 Allen and he.

3 Q If you don't recall, maybe you don't.

4 A I was frantically busy that sort of 13 through  
5 15, studying for the trip, but I wasn't doing much else  
6 except getting ready for the trip with Gates. I don't  
7 remember a 14 October meeting.

8 Q You don't remember --

9 A If it is in his calendar, it should mean that  
10 I was there.

11 Q Do you remember a meeting with Casey during the  
12 day or two days before you left on your trip with Gates  
13 on whatever subject?

14 A No.

15 Q You do not.

16 A No. Immediately after I came back, I started  
17 having a series of meetings with Casey, because he wanted  
18 to take a trip, and I was going to have to go with him on  
19 his trip, and it was during one of those meetings, as  
20 I testified to, the SSCI that he showed me, one of the  
21 Furmark memos.

22 BY MR. EGGLESTON:

23 Q When you returned from the trip, is the first  
24 that you had learned of these memorandum when you read  
25 them?

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1                   Let me ask that a slightly different way. Is  
2 the first that you had learned about this problem which  
3 potentially involved diversion of these monies to Central  
4 America -- did you learn about that first through reading  
5 these memoranda or did you have a conversation with  
6 anyone?

7                   A     I think [REDACTED] brought me a copy of one of them --  
8 no, I can not recall whether -- see, Casey showed me one  
9 of them, and I don't remember which one it is now that  
10 has the first one, I believe, that has the mention in it  
11 of the possibility of --

12                  Q     The one that relates to the meeting that Cave  
13 and Allen had on the 22nd --

14                  A     Which one of the Furmark memos is the one that has  
15 something in it on Central America?

16                  Q     Central America?

17                  MR. KERR: Both of them. Both of them do, but  
18 this is probably the one that is more specific.

19                  THE WITNESS: I am sorry. I am fuzzy on this,  
20 but Director Casey showed me one that I had not previously  
21 seen.

22                  In addition, I distinctly remember [REDACTED]  
23 showing me one which he had acquired from Charlie Allen.

24                  BY MR. EGGLESTON:

25                  Q     Which of those events occurred first?

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1 A I don't know.

2 Q Do you remember what conversation you had with  
3 Casey when he showed you the one -- I take it by "the one"  
4 I take it the one referring to the possibility of a  
5 diversion of monies to Central America?

6 A Yes.

7 Q What conversations did you have with Mr. Casey  
8 on that issue when it came up?

9 A Well, it was pretty brief, because it came at  
10 the tail end of -- again, this is in the SSCI testimony --  
11 came at the tail end of a meeting that I was having with  
12 him on the trip, his forthcoming trip [REDACTED]

13 As we sort of wrapped that subject up, he handed  
14 me this and said -- or one of these -- and said, "Have you  
15 seen this before?"

16 So, I read it, and I said, "No, sir, I have not."

17 I think that was the end of the conversation.  
18 He may have said, "Are you as concerned as Charlie is on  
19 it?" And I would have said, "Yes, indeed."

20 But it was -- he gave me a copy, and I took  
21 that copy with me. But I don't recall any more  
22 conversations about the substance.

23 Q This must have -- what was your reaction when  
24 you read this?

25 A My reaction to this allegation were true

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1 that that was really going to be messy, that that was  
2 dynamite.

3 Q As of this point in your knowledge of these  
4 events, did you have a sense about whether or not you  
5 thought this was true?

6 A I would say that my -- by the time I had seen  
7 two of these, that however much I thought or how little  
8 I thought of Ghorbanifar that coming from businessman  
9 Furmark it was conceivably true, quite possible.

10 Q And without elaboration, by this time there  
11 were warning signals over the course of the spring and  
12 summer and into the fall that this might well have been  
13 true because of the external circumstances would seem to  
14 be to me fairly overwhelming.

15 You know that North is involved in Central  
16 America, you know he is involved with Secord, you know he  
17 is involved with Hakim, you know there is this massive  
18 price differential that certainly is available for  
19 diversion, you know that there has been an entire funding  
20 mechanism which results in the agency not really knowing  
21 how much money the Iranians are paying for these goods.

22 It would strike me that by this time you would  
23 shake your head and say, yes, yes, I figured something like  
24 this was going to occur.

25 A Well, I would have to confess that I am probably

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1 not quite that smart.

2 Q Well, I --

3 A Because I don't think I put all those pieces  
4 together very quickly. You can say that on the one hand,  
5 but at the same time it seemed to me inconceivable that  
6 North would do that.

7 Q But let me ask you about that issue.

8 By this time the newspaper stories that Colonel  
9 North was involved in something -- I don't mean they were  
10 confirmed -- but the newspaper stories that Colonel North  
11 was involved in something probably illegal in Central  
12 America were pretty much legion; were they not?

13 A Yes, and I would say I might have had some  
14 sense there was some private financing that North was  
15 working on, that whatever he was doing out there he had  
16 to be getting -- I recall -- you see, there was a hostage  
17 thing in which he was talking, and we were working in one  
18 direction and this had to do with [REDACTED] He was  
19 working in one direction, and we were essentially working  
20 on a different scenario.

21 He was very impatient, and what we wanted to do  
22 was arrange a flash roll, meaning a role of money that you  
23 flash at the person you are working with, and he was going  
24 to get that flash roll from a private source, by the time  
25 those newspaper articles were appearing, and as I recall,

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1 that was the summer.

2 Q I think there were a raft of them in the  
3 summer.

4 A It confused me that the U.S. Congress was not  
5 insisting on seeing Colonel North, frankly.

6 MR. KERR: You mean call for him and have the  
7 NSC claim executive privilege?

8 BY MR. EGGLESTON:

9 Q Do you know whether they did?

10 A No, I don't.

11 I heard at one point that he was going to go  
12 down, and there was some formula worked out where he was  
13 going down, but it was going to be an informal something,  
14 not akin to testimony.

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15 But I don't remember exactly, but I would have  
16 to say that by that time, when those newspaper stories  
17 were out, I had to have known that there was a lot of  
18 private financing North was arranging.

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bp-1 #8

1 Q Do you recall the conversation with General  
2 Russo, having discussions with Russo giving facts to Russo  
3 that caused Russo to lower the price at that time on the  
4 per missile basis?

5 A I am sorry would you repeat the question?

6 Q The telephone conversation you had between your  
7 meeting with [REDACTED] and a meeting with General  
8 Russo on the 24th of January, do you recall in that  
9 conversation with General Russo saying things to General  
10 Russo that caused General Russo to lower the per missile  
11 price that would be charged for these missiles?

12 A I have testified that we did tell Russo and I  
13 don't recall whether I told Russo personally -- I think  
14 maybe I did -- that we didn't need top line current TOWs.

15 I don't recall other points that I made to Russo  
16 that might have caused him to, but I think we did either  
17 through [REDACTED] or myself or more probably, probably  
18 both did cause him to lower the price.

19 Q [REDACTED] bear with me. I want you to focus  
20 on these questions very precisely. If you don't recall a  
21 conversation with General Russo, you would be better off  
22 if you tell me you don't recall.

23 A I am answering that way because you are using words  
24 that characterize what was happening as different from what  
25 my testimony is. I am not going to permit you to characterize

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1 my statements as something that is -- puts it in a different  
2 context.

3 Q I am asking a leading question which if they are  
4 wrong just tell me they are not correct.

5 A Fine.

6 Q We can get through faster. What I want to  
7 know ~~is~~ right now is whether or not you recall what you told  
8 General Russo on the afternoon of the 24th of January about  
9 the missiles.

10 A I recall nothing more than I have already told you.

11 Q Do you recall discussing with him that you wanted  
12 only basic TOW missiles?

13 A That <sup>is</sup> quite possible ~~the~~ <sup>part</sup> of what I have  
14 already said.

15 Q Do you recall discussing with General Russo the  
16 reason you wanted only basic TOW missiles because that  
17 would reduce the price of \$6,000 per missile down to  
18 something like \$3,000, and change per missile?

19 A No, I wouldn't because I would not have known any  
20 such prices.

21 Q Okay.

22 A No way that I would know that.

23 Q You don't recall discussing with General Russo  
24 that there was such a price discrepancy and you wanted the  
25 General to find missiles that would come in at a price of

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1 approximately half of what --

2 A No, I did not.

3 Q Do you recall discussing with him the missiles that  
4 fell in that category, the basic TOW missiles or missiles that  
5 were obsolete in the U.S. inventory?

6 A Well, that fits in with what I have testified  
7 Colonel North --

8 Q I am not asking you what fits into your testimony.  
9 I want your recollection.

10 A Well, sorry.

11 MR. MOFFETT: Could you rephrase that question,  
12 then, please?

13 MR. KERR: Sure.

14 BY MR. KERR:

15 Q Do you recall -- let me switch the question a  
16 bit -- as to the missiles that you and the General were  
17 talking about on that afternoon of January, do you recall  
18 that they were obsolete missiles?

19 A I have stated previously that the missiles that  
20 we needed did not have to be top line missiles. They  
21 could be the oldest thing available in the Army warehouses.

22 Q Do you recall --

23 A If that -- if the precise word used by Russo is  
24 "obsolete," that fits with what I have previously said.

25 Q And that is your current recollection?

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1 A Pardon?

2 Q Your recollection has not changed.

3 A That is my current recollection.

4 MR. PEARLINE: He just gave you his recollection.

5 MR. KERR: The problem is the way you couch the  
6 answer you are telling me you testified to this previously.

7 THE WITNESS: That is still my testimony.

8 MR. PEARLINE: He is saying that is still his  
9 testimony.

10 BY MR. KERR:

11 Q In terms of the missiles you were talking to  
12 General Russo about, did he tell you they were cold end  
13 missiles, missiles that could not be used by the United  
14 States except in the direst of circumstances.

15 A No.

16 Q Did he tell you these were missiles that couldn't  
17 be shipped out of the United States until they had been  
18 modified with some hand types of modifications; that you  
19 have to set up an assembly line to make these missiles  
20 shipable?

21 A No.

22 Q Do you recall discussing with him in that  
23 initial conversation that that would make these missiles  
24 difficult to price, the need to do hands on work on these  
25 obsolete missiles?

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1           A     The first I ever heard of that was when the Army  
2 IG was asking me about it. I am quite positive that I have  
3 never had that discussion with Russo.

4           Q     And to sum up on that initial go-around, you  
5 don't recall telling General Russo, "I need to get the price  
6 of the missiles down below \$6,000. I need to reduce the  
7 per, missile price of the missiles."

8           A     Yes, I have testified to that today.

9           Q     I missed something then.  
10                   Were you interested in reducing the price of the  
11 missiles?

12           A     Colonel North told me that we didn't need top  
13 line missiles and that if \$6,000 was the price Russo  
14 was charging, that he was asking for replacement value of  
15 current TOWs and that he wanted lesser missiles, older missiles,  
16 obsolete.

17           Q     i.e., less expensive missiles? You understood  
18 that to be the import of what he was telling you?

19           A     Yes.

20           Q     So Colonel North was concerned about the price  
21 of these missiles and wanted less expensive missiles, isn't  
22 that right?

23           A     I think that is right.

24           Q     That is what you conveyed to General Russo; isn't  
25 that correct?

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- 1 A That is correct.
- 2 Q Thank you.
- 3 Let me go to the Hawk Missile parts. You recollect,
- 4 do you not, that [REDACTED] was assigned the responsibility
- 5 of trying to attempt to price the Hawk missiles parts; isn't
- 6 that correct?
- 7 A [REDACTED] was -- excuse me -- Is it still [REDACTED]
- 8 at this point?
- 9 Q I am only asking your recollection. [REDACTED]
- 10 testifies that that is what he was doing. Do you recall
- 11 him doing that?
- 12 A Okay. Somebody did it. I am sorry. I am just
- 13 trying to think whether it was still [REDACTED] or his
- 14 replacement.
- 15 MR. PEARLINE: Do you want an explanation?
- 16 MR. KERR: Let me ask this question.
- 17 BY MR. KERR:
- 18 Q Do you recall in late March or early May -- early
- 19 April -- losing my mind here -- late March, early April
- 20 giving [REDACTED] a task to find a price of Hawk
- 21 Missile parts?
- 22 A No, I don't, but that fits in terms of the timing.
- 23 And [REDACTED] -- I might have given that to [REDACTED] as
- 24 the channel to [REDACTED]
- 25 Q That is my next question. In terms of [REDACTED]

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1 working with [REDACTED] on pricing of Hawk missile parts,  
2 would you have suggested that [REDACTED] be used once again?  
3 Would that be a suggestion you would have made?

4 A No, no, [REDACTED] -- I don't quite know why  
5 I talked to [REDACTED] about them because we had the channel  
6 set up and I was already dealing with -- or rather [REDACTED]  
7 was dealing mostly with directly with [REDACTED]. I would  
8 have thought we would have gone directly to [REDACTED].

9 Q Maybe I --

10 A He is the natural mechanism.

11 Q When you got the list of Hawk parts which would have  
12 happened March 7 or thereabouts, right?

13 A Yes.

14 Q At some point thereafter you wanted to determine  
15 what the cost of those parts would be, isn't that correct?

16 A Yes, we had to do several things. We had to  
17 determine which ones were available in the warehouses.

18 Q In some cases you had to figure out what parts  
19 they were because they were not giving you numbers that were  
20 easily called up, isn't that right?

21 A Yes, and we had to figure out what those numbers  
22 were and third was prices.

23 Q That is not the kind of thing [REDACTED] is expert in  
24 at all, is it?

25 A Not at all.

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1 Q Did you call [REDACTED] to tell him to work with  
2 [REDACTED] to do those tasks that you just identified?

3 A Well, I am confused on that because you tell  
4 me [REDACTED] was involved. I don't know whether [REDACTED] --

5 Q Let's make it an open question. Do you remember  
6 how it was this task got accomplished? You have the list.  
7 You have a number of things that have to be done with it.  
8 How did you go about doing it?

9 A I think I gave it to [REDACTED].

10 Q And he was to take it from there?

11 A Yes, right.

12 Q With regard to getting a price, do you recall  
13 giving any instruction to [REDACTED] that the CIA was going to try  
14 to price these parts internally without contacting the  
15 Army before it made a decision on contacting the Army?

16 A I don't recall that.

17 Q So you don't recall any instruction being given,  
18 then, by you to [REDACTED] to try to price these parts using  
19 microfiche that was available to him and not to go  
20 specifically not to go to Major Simpson or DOD?

21 A No, I don't remember that.

22 Q With regard to pricing the parts, you do recall  
23 that there was difficulty in finding all of the parts on  
24 the list, isn't that right?

25 A Yes.

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1 Q You recall, do you not, that there was a need  
2 on some occasions to come up with substitute parts that would  
3 be more expensive than the parts for which the  
4 ~~instruction~~ <sup>substitution</sup> was being made; isn't that correct?

5 A I am sorry. Say that again.

6 Q Sure. With regard to some of the parts that  
7 couldn't be found because of the market inventory, you  
8 recollect, do you now, that other parts, a generator,  
9 for example, as opposed to a part of a generator, was proposed  
10 to be substituted to fill that void.

11 Do you recall that?

12 A No, I don't. I do recall what I said before was  
13 that North came up with this ~~hate~~ <sup>hate</sup>-brained idea to  
14 manufacture parts that weren't available. It seemed to  
15 me I was rather desperate to fill the whole order even  
16 though it was easily clarified that they were not all  
17 together.

18 Q Let me ask you this way: do you have a recollection  
19 as the effort was made to put together the budget, if you  
20 will, the cost of these parts, those costs began to climb as  
21 the parts had to be more expensive parts had to be substituted  
22 for the less expensive originals?

23 A No, I don't.

24 Q You don't recall that. Do you recall at any time  
25 having given an instruction to [REDACTED] that there was a

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1 cost ceiling that could not be breached by the process  
2 that you all were going through of trying to come up with  
3 parts to fill the list?

4 A Well, that rings a vague bell. I would have to  
5 think about that. Let me do that, and I will get back to  
6 you. I think there was mention of a budget, a ceiling and  
7 that would have been from North to me, which I might  
8 have passed on to [REDACTED]

9 Q You were aware that [REDACTED] in turn passed  
10 it on to [REDACTED] is that right?

11 A I would assume he would, yes. [REDACTED] was  
12 working with him.

13 Q And [REDACTED] had instructions that he could not  
14 bring on costs that would exceed a ceiling; isn't that  
15 right, and if you don't remember --

16 Mr. Moffett. Excuse me, point of clarification.  
17 If I understand, you have not definitively testified that you  
18 knew there was a ceiling. The question proceeded from  
19 there on the basis there was.

20 MR. KERR: That is right.

21 MR. MOFFETT: Just to clarify the record, I think  
22 [REDACTED] was going to get back on the issue as to whether  
23 there was ever a ceiling stated.

24 MR. KERR: That is right. I think that is the  
25 position he has taken. That is correct.

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1 BY MR. KERR:

2 Q Do you have a recollection today without the  
3 availability of further documents, having had an opportunity  
4 with other people, about what conversations you had with  
5 Colonel North about this budget ceiling?

6 A No.

7 Q Do you have any recollection of any documents  
8 that would reflect the instruction or direction which you  
9 got from Colonel North on what the budget ceiling was on  
10 these parts?

11 A No, I do not.

12 MR. KERR: I have no further questions at this  
13 point, but I will want to revisit these points after [REDACTED]  
14 [REDACTED] has had an opportunity to refresh his recollection.

15 MR. EGGLESTON: I am done. Thank you, [REDACTED]

16 (Whereupon, 7:00 p.m., the deposition was  
17 adjourned.)

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[Faint, illegible text throughout the page]

CORRECTED

Deposition of Harold G. Cohen

UNITED STATES SENATE, Select Committee  
On Secret Military Assistance to Iran  
And the Nicaraguan Opposition

---  
Oral deposition of HAROLD G. COHEN taken at  
Three Greenway<sup>tree</sup> Centre, Suite 305, Route 73,  
Marlton, New Jersey, on Monday, June 1, 1987, at  
10:00 o'clock, a.m., before Harold Schulman, a  
Registered Professional Reporter and Notary Public,  
<sup>by consent without</sup>  
~~pursuant to~~ notice. jt

---

## APPEARANCES:

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Select Committee on Secret Military  
Assistance to Iran and the Nicaraguan  
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## HAROLD SCHULMAN ASSOCIATES

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PHILADELPHIA, PENNSYLVANIA 19102  
518-5237 - 563-5237

HAROLD G. COHEN

2

1 HAROLD G. COHEN, ESQ., having been duly  
2 sworn, was examined and testified as follows:

3 BY MR. KERR:

4 Q Could you state your full name for the record,  
5 please?

6 A Harold G. Cohen.

7 Q Mr. Cohen, I'm an attorney with the United States  
8 Senate Select Committee on Secret Military Assistance to  
9 Iran and the Nicaraguan Opposition. I asked you to meet  
10 with us to today so we can take testimony with certain  
11 matters that have to do investigation..

12 You reside where, Mr. Cohen?

13

14 Q What is your business address?

15 A Three Greentree Centre, Suite 305, Route 73,  
16 Marlton, New Jersey.

17 Q You are an attorney?

18 A That's correct.

19 Q You are a member of the New Jersey bar?

20 A Yes.

21 Q Any other bars?

22 A United States District Court, District of New  
23 Jersey, United States District Court, Eastern District of  
24 New York, and the United States Court of Appeals for the

1 Third Circuit.

2 Q You became a member of the New Jersey bar when,  
3 sir?

4 A November 1981. '71, excuse me.

5 Q You're a member of the firm of Goodman, Schneider  
6 and Cohen?

7 A That's correct.

8 Q Located at the address you just gave us?

9 A And at two other locations as well.

10 Q Could you give me a brief description of the nature  
11 of your practice?

12 A My personal practice?

13 Q Yes.

14 A Primarily banking, banking litigation, large loan  
15 workouts, creditors' rights, corporate commercial  
16 litigation, insolvency.

17 Q And with regard to the practice of your firm in  
18 general, does it have a particular area of expertise or is  
19 it basically a general practice?

20 A I would say we have three areas of expertise, plus  
21 what I do, which is in the litigation workout area, one  
22 partner and associate who does bank regulatory work and  
23 documentation of new product, bank product. Another  
24 partner who concentrates on energy cogeneration.

1 Q Cogeneration, what is that, wind mills in the  
2 backyard that generate electricity?

3 A It used to be.

4 Q It used to be?

5 A It's buying, using one type of fuel for both heat  
6 and to generate electricity.

7 Q Let me just get your educational background as  
8 well. You received your law degree when?

9 A June 1971.

10 Q From what institution?

11 A Cornell Law School.

12 Q And your undergraduate degree?

13 A Lafayette College.

14 Q What year was that?

15 A 1968.

16 Q Do you know a gentleman by the name of Willard  
17 Zucker?

18 A I do.

19 Q How do you know Mr. Zucker?

20 A I met him in the context of representing a client.

21 Q And what client would that be, sir?

22 A The reason I'm pausing is I am trying to determine  
23 in my own mind how much of this information would be  
24 covered by attorney/client privilege. I think I might



1 have expressed that to you over the telephone before  
2 today's session, or at least I expressed it to Mr.  
3 Faulkner.

4 Q I would hope the identity of the client would not  
5 cause concern. It's not my intention to go into attorney/  
6 client communications.

7 A This is two clients, <sup>u</sup>Forway Industries, Inc., and  
8 Jacob Farber.

9 Q You met Mr. Zucker in conjunction with your  
10 representation of Forway industries and/or Mr. Farber; is  
11 that correct?

12 A That's correct.

13 Q With regard to when you met Mr. Zucker or first had  
14 communication with Mr. Zucker, can you place that in time  
15 for me?

16 A In all likelihood it would have been sometime in  
17 the first half of 1986.

18 Q We have interviewed a gentlemen by the name of  
19 Gregory L. Zink of <sup>u</sup>Forway Industries. Do you know Mr.  
20 Zink?

21 A Yes, I do.

22 Q Mr. Zink in our interview indicated that Mr.  
23 Zucker's company, CSF, acquired an equity ownership in  
24 <sup>u</sup>Forway sometime in 1982. Would you have had any knowledge

1 of or contact with Zucker at that time?

2 A I did not know Mr. Zucker in 1982.

3 Q So to the best of your recollection, the first  
4 contact you would have had with him would have been  
5 sometime early in 1986?

6 A During the first six months of 1986.

7 Q In what context did you first have contact with  
8 him? What caused you to be in touch with him?

9 A I think at this point I am starting to cross over  
10 the line into attorney/client relations. I think that it  
11 would be inappropriate for me to comment.

12 Q You had contact with him with regard to a business  
13 transaction that you were doing for a client; is that  
14 correct?

15 A That's correct. It was in the context of my  
16 representation of Forway and/or Jacob Farber.

17 Q In that regard, was Mr. Zucker a client of yours at  
18 that time?

19 A Mr. Zucker has never personally been a client of my  
20 law firm.

21 Q And his firm, CSF, has that firm ever been a client  
22 of your firm?

23 A No, it is not.

24 Q In terms of when you would have had face-to-face

1 meetings with Mr. Zucker in 1986, can you place those in  
2 time for me?

3 A Again, Mr. Kerr, I don't want to be difficult. All  
4 of those conferences would have been in the context of  
5 attorney/client representation. I think it would be  
6 inappropriate for me to specifically identify dates or  
7 time frames when I would have met with him.

8 Q My interest is not in attorney/client  
9 communications, but when in time you would have had  
10 contact with this gentleman. You don't feel you could  
11 give me that information?

12 A Not the way you asked the question.

13 Q What I'm interested in is the occasions when you  
14 have met face-to-face with Mr. Zucker. I don't care for  
15 what purpose, but when you met face-to-face with him in  
16 1986.

17 A Several times beginning in the first half and most  
18 likely concluding September or October of 1986.

19 Q Again, falling back on information that was given  
20 to us by Mr. Zink, Mr. Zink indicated that to his  
21 knowledge Mr. Zucker would have been in the Philadelphia -  
22 New Jersey area to meet with you and others with regard to  
23 Forway twice, once in June and once in late September.  
24 Does that correspond with your recollection as well?

HAROLD SCHULMAN ASSOCIATES, 1318 WALNUT ST., 15TH FLOOR

1 A I specifically recall meeting with Mr. Zucker in  
2 late September. I have recollection of meeting with him  
3 on other occasions prior to that time.

4 Q Your meetings with Zucker would have been in this  
5 area, or did you meet with him, this area being the  
6 Marlton area, or did you meet with him elsewhere?

7 A All the meetings were either in my office in  
8 Marlton or possibly at the <sup>u</sup>Forway factory in Woodbury. I  
9 can't specifically recall if I had any meetings in  
10 Woodbury, but it might be possible.

11 Q I'm not familiar with the geography. Where is  
12 Woodbury in relationship to Marlton?

13 A Woodbury is approximately twenty minutes south.

14 Q According to Mr. Zink, Mr. Zucker was in the  
15 Woodbury, New Jersey, area in connection with Forway  
16 business. On June second or third, he stayed at the  
17 Hershey Hotel in Philadelphia, met for the purpose of  
18 discussing some concerns Mr. Farber had about <sup>u</sup>Forway, and  
19 then Mr. Zucker left the Philadelphia area about the fifth  
20 of June of 1986.

21 Do you have any recollection of being  
22 involved with Mr. Zucker in the period June two through  
23 five, 1986?

24 A Off the top of my head, no.

1 Q I assume that with regard to your work, you keep  
2 daily time sheets?

3 A I <sup>do</sup> did.

4 Q .. And work that you would have done either for Mr.  
5 Farber or for For<sup>u</sup>way, you would have kept daily time  
6 records on?

7 A Yes.

8 Q Is it your custom to note on those time records the  
9 people that you meet with when you're working on behalf of  
10 a client?

11 A Generally.

12 Q Have you had the opportunity to look at your time  
13 records for early June 1986 to see if they contain any  
14 reference to any meeting with Mr. Zucker?

15 A In response to, as a request made either by you or  
16 Mr. Faulkner or Arthur Liman, I went through my 1986 time  
17 records looking only at Saturdays to determine if there  
18 was a particular Saturday that I attended a meeting which  
19 Mr. Zucker also attended. So that if I could locate such  
20 a Saturday reference, it would refresh my recollection as  
21 to certain other related events. That is the only part of  
22 my time records that I went through, which was for a very  
23 limited purpose.

24 Q So I understand, you did not encounter a Saturday

1 in June that met those criteria; is that correct?

2 A That is correct. So that I did not look for all  
3 other days, you know . . .

4 Q I understand.

5 A . . . when I attended a meeting which Mr. Zucker  
6 also attended.

7 Q Am I correct that you did not also locate a  
8 Saturday in June when you actually were meeting with  
9 Zucker, whether it was rainy, or there was other business  
10 involved. You didn't see any other Saturday in June when  
11 you were meeting for Mr. Zucker; is that correct?

12 A That is correct.

13 Q Is there anyone else in your firm who has worked  
14 with you on <sup>u</sup>Forway or Farber matters? And specifically in  
15 1986.

16 A Yes, but on rather pedestrian matters.

17 Q Do you recall any occasion when this person would  
18 have actually had face-to-face contact or telephone  
19 contact with Zucker?

20 A There would have been no reason for anyone else in  
21 the firm to have had contact with Mr. Zucker.

22 Q And to your knowledge no one else has; is that  
23 correct?

24 A That's correct. Except perhaps my secretary in

1 scheduling a meeting or making some accommodations  
2 arrangements for him.

3 Q Let me take you to September of 1986. Did you in  
4 your review of your time records find any notation for a  
5 Saturday in September of 1986 when you would have met with  
6 Mr. Zucker?

7 A Yes.

8 Q What do your time records show in that regard?

9 A It reflected that it was a meeting in this office  
10 on September twenty-seventh of 1986 which Mr. Zucker  
11 attended.

12 Q With regard to that meeting in September, you  
13 indicated to Mr. Faulkner when he talked to you on the  
14 telephone that you recalled a conversation with Mr. Zucker  
15 relating to that Saturday and to a visit that Zucker  
16 apparently had with someone who was coming up from  
17 Washington, D. C. Could you relate for me your best  
18 recollection of that conversation with Zucker?

19 A I believe it was in the context of scheduling that  
20 particular meeting, and Mr. Zucker indicated that he was  
21 going to need to meet with someone unrelated to any of the  
22 business that I was involved with. This individual would  
23 be coming, was coming to this area from the Washington  
24 area, and he asked if there was a location in this

1 vicinity that would be convenient for him to have a very  
2 short meeting.

3 Q Let me stop you for a moment. Did he give you any  
4 further identification of that person as to sex, any other  
5 description?

6 A At some point, I don't recall whether it was in  
7 that scheduling telephone conversation or ~~telephone call~~  
8 on the day he arrived here, whether -- at some point he  
9 indicated it was a woman whom he would be meeting.

10 Q As I understand, he was meeting with a woman who  
11 was coming from Washington, D. C.; is that correct?

12 A I believe she was coming from Washington.

13 Q And this meeting was to take place on the  
14 twenty-seventh of September?

15 A Yes.

16 Q Could you give me anything else that you recall  
17 about that conversation?

18 A Other than, I believe I offered to accommodate him  
19 by having, allowing him to use one of my offices here,  
20 which he thanked me for <sup>and declined.</sup> ~~again and again~~. He asked me if  
21 there were some other places that would be better suited.  
22 I then suggested a few hotels or restaurants, I think, in  
23 the area because it was supposed to be an early morning  
24 meeting and a place to get a cup of coffee and have a



1 discussion. He indicated it would be a very brief  
2 meeting, and it should not interfere at all with the  
3 meeting we had scheduled for that day.

4 Q I'm trying to place this telephone conversation  
5 period. Was the period before that Saturday, I take it?

6 A That's correct.

7 Q Can you recollect any better than that when it was  
8 that you had this conversation with him?

9 A No.

10 Q And this was a telephone conversation as opposed to  
11 a face-to-face meeting?

12 A I believe it was a telephone call when we were  
13 scheduling the Saturday meeting.

14 Q Did there ever come a time when you learned from  
15 Mr. Zucker whether or not this meeting actually took  
16 place?

17 A Only from comments that he made on that Saturday  
18 that he had met with someone.

19 Q Let me take you to that Saturday. You had a  
20 recollection of that Saturday when you talked with our  
21 investigator with regard to the weather. Can you recall  
22 the weather that day?

23 A Yes. In fact that was the only way that I was  
24 really able to identify when this event took place,

1 because I did not independently recall the date other than  
2 it was on a Saturday in 1986 and that the weather was  
3 nasty.

4 Q . You used the term "nasty". What are you  
5 describing?

6 A Overcast, perhaps some intermittent drizzle or  
7 rain, cool.

8 Q Your time records indicate that you did, in fact,  
9 meet with Zucker that Saturday.

10 A September twenty-seventh.

11 Q Right. Do they indicate when that meeting would  
12 have been taking place?

13 A Not precisely, other than the fact that there were,  
14 the work that I did that day was all for one client, and  
15 the work description includes the meetings and some  
16 related work that would consume virtually the entire day.

17 Q What is your best recollection of when you actually  
18 saw Zucker on that Saturday, what time of day?

19 A I have a fair but not precise recollection that he  
20 arrived late morning, left for a while to have this  
21 meeting, and then returned early afternoon.

22 Q Your answer a few moments ago suggested that he may  
23 have said something during the course of that Saturday  
24 indicating that he was in fact having a meeting or had a

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1 meeting. Can you relate to me your best recollection of  
2 what Zucker might have said in that regard on that  
3 Saturday?

4 A I believe that he arrived here in the morning. He  
5 mentioned then that he had to break away for a short  
6 period to meet with this woman and that he would be back.  
7 It should not take very long. I think for all intents and  
8 purposes that's it.

9 Q Did he say anything on his return about the  
10 meeting, about the woman?

11 A No.

12 Q Was there anyone else present on that Saturday that  
13 was engaged in the business you and Mr. Zucker were  
14 engaged in that would have heard any of this conversation?

15 A To the best of my recollection, there were three  
16 other people present that day. Not necessarily  
17 continuously. One would have been Jacob Farber. One  
18 would have been his son-in-law, Richard Horowitz.

19 Q Richard Horowitz?

20 A Yes. And my secretary, Marjorie Kirkpatrick.

21 Q With regard to Mr. Farber, Mr. Horowitz and Ms.  
22 Fitzpatrick, have you had occasion to talk with any of  
23 them about any recollection they might have had about what  
24 they may have heard on Saturday, September twenty-seventh,

1 1986?

2 A Other than asking my secretary to go through my  
3 time records, no.

4 Q Did she indicate any recollection that she would  
5 have of this incident?

6 A I think her recollection was relatively consistent  
7 with mine, namely that he came here, left for a while and  
8 then returned.

9 Q Do you either on your own account or by virtue of  
10 talking with her have any recollection of what restaurant  
11 or other place Zucker might have said that this meeting  
12 took place?

13 A Again, I have a fair but not a precise recollection  
14 that it may have taken place at the Philadelphia Airport.

15 Q Again, because of my lack of familiarity with the  
16 geography, how far are we from the Philadelphia Airport?

17 A Without traffic, midday, say on a Saturday, which I  
18 assume is what we're talking about?

19 Q Right, that's what we're talking about.

20 A Twenty minutes, no longer than a half hour.  
21 Probably twenty minutes.

22 Q With regard to your recollection of that morning's  
23 events, would the time from Zucker's departure to Zucker's  
24 return on that Saturday have been sufficient to have

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1 allowed a trip to the airport and back and for a meeting  
2 of some kind?

3 A Depending upon the length of the meeting. If it  
4 was a brief one, it certainly would have allowed for that.

5 Q He told you that he was going to the airport or is  
6 that just your best surmise based on what you're trying to  
7 recall?

8 A The only reason that I would have even mentioned  
9 the airport is that I believe he may have mentioned it.  
10 But again, I can say it's in my mind. I assume it's there  
11 because subconsciously it may have been a reference to it  
12 by him.

13 Q Did it ever come to your attention that this woman  
14 was staying overnight in the Philadelphia area?

15 A I don't believe so, no.

16 Q Do you have any recall from any source, from any  
17 conversation you had with anybody, of any more identifiers  
18 for this woman, who she was, why she was here, what her  
19 role in life is?

20 A I believe Zucker mentioned, perhaps it was that  
21 Saturday, perhaps it was in the original telephone call,  
22 but more likely that Saturday, that he was going to be  
23 discussing an investment with her, or whether he was  
24 handling an investment for her.

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1 Q Anything more on that score that you can recollect?

2 A No.

3 Q The nature of the investment, whether she was a  
4 client or not, anything of that kind?

5 A Other than that he apparently was going to be  
6 discussing an investment for her with her. I sensed that  
7 it was she who was going to be making an investment in  
8 something that he knew about.

9 Q In terms of Zucker himself and what role he was  
10 playing in dealing with you, was he dealing with you as a  
11 lawyer, as an investor, as a businessman?

12 A Yes.

13 Q All of the above?

14 A And as a, to take it further, as a principal of  
15 Forway.

16 Q With regard to the nature of his business in  
17 Switzerland, are you familiar with what his business is?

18 A In a vague way.

19 Q What is your understanding of the nature of his  
20 business in Switzerland?

21 A He provides investment counseling, investment  
22 management for various individuals.

23 Q If I understand you correctly, the only occasion  
24 you had to talk to Mr. Zucker about this woman was the

1 conversations that you described previously in your  
2 testimony; is that right?

3 A That's correct, telephone calling scheduling that M  
4 Saturday, September twenty-seventh, meeting and whatever  
5 ancillary conversations that may have taken place on that  
6 particular Saturday as he was leaving or returning.

7 Q You had no occasion to talk to him about this  
8 matter at any time in the last several months?

9 A That's correct. It was terribly incidental to  
10 everything else that we were doing.

11 Q Do you know a Charles Heusler of the Archer and  
12 Greiner firm?

13 A Yes.

14 Q Do you know Mr. Heusler?

15 A Yes, I have met Mr. Heusler. I know of Mr.  
16 Heusler. I don't believe I've ever had any matters  
17 directly involving Mr. Heusler.

18 Q Mr. Zink told us that Heusler was involved in the  
19 work that was done in September, October relating to the  
20 purchase of Mr. Farber's interest in For<sup>u</sup>way, <sup>a</sup>As counsel M  
21 for Zucker and Clark and the other purchasers, <sup>D</sup>did you  
22 have contact with Heusler in that capacity?

23 A No. I'm totally unaware of that. I was aware of  
24 an attorney from New York who was involved. But I had

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1 understood that Mr. Heusler and his firm was providing  
2 generally legal services for For<sup>u</sup>way beginning sometime in  
3 1976 -- 198<sup>6</sup>7, rather. But I'm not aware of any work that JK  
4 he did with respect to the acquisition of Jacob Farber's  
5 interest in Forway.

6 Q The reason I asked, I'm trying to find out other  
7 attorneys who might have been involved with Zucker with  
8 regard to the Forway matter in late September, early  
9 October 1986. Zink mentioned Heusler. He indicated that  
10 he thought that Heusler represented Zucker and Clark in  
11 this transaction. And if he did, I would have thought he  
12 might have been involved with you during that period of  
13 time. But you have no recollection of dealing with him in  
14 this matter?

15 A Absolutely none. As I said, the only other  
16 attorney I dealt with specifically on the buy out of  
17 Farber was an attorney from New York City.

18 Q Would that have been an attorney with the law firm  
19 of Patterson, Belknap, Webb and Tyler? And the attorney's  
20 name is Craig Bright.

21 A Yes.

22 Q You would have dealt with Bright during that period  
23 of time?

24 A Yes.



1 Q And Bright's client was whom? Was Zucker his  
2 client?

3 A I understood that Bright had generally been Alfred  
4 Clark's attorney, and that in this particular matter, I  
5 believe, Mr. Zucker was also getting the benefit of Mr.  
6 Bright's services. And I'm saying that carefully, because  
7 I'm not certain that Mr. Bright was actually representing  
8 Zucker. But I'm saying that I think the deal was  
9 structured in such a way that Zucker may have had the  
10 benefit of whatever work Bright was also doing.

11 Q The attorneys involved in these negotiations, to  
12 the best of your recollection, would be yourself on behalf  
13 of Mr. Farber, and Mr. Bright on behalf of at least one of  
14 the other parties?

15 A And Zucker, who is also an attorney.

16 Q And Zucker did appear to be acting in the role of  
17 attorney as well as business participant; is that your  
18 impression?

19 A There is a fine line, so that he was.

20 Q In terms of your representation of For<sup>u</sup>way, have you  
21 continued to represent them since October of 1986?

22 A The answer is yes. I want to be careful how I  
23 modify it. I believe it has been, with respect to only  
24 one particular matter that had a secondary life that had

1 been concluded pretty much before then and then was reborn  
2 recently. It has now been put to bed. I think it was for  
3 that one particular matter after September of 1986.

4 Q Do you have knowledge of what law firm, if any, has  
5 acted as, if you will, general counsel to <sup>u</sup>For<sup>u</sup>way since  
6 October 1986?

7 A I was led to believe by the people at <sup>u</sup>For<sup>u</sup>way that  
8 Archer and Greiner had succeeded my firm as counsel to  
9 <sup>u</sup>For<sup>u</sup>way. When that began I'm not precisely certain.  
10 Whether or not it actually has served and to what degree  
11 it served as general counsel, I'm not aware.

12 Q Do you have any knowledge of a relationship between  
13 the Archer and Greiner firm and Clark or Zucker prior to  
14 the events of September, October '86?

15 A Assuming that <sup>u</sup>For<sup>u</sup>way engaged Archer and Greiner as  
16 its counsel, either as general counsel or special counsel  
17 or on an ad hoc basis, before that engagement took place I  
18 don't think there was any relationship whatsoever between  
19 Clark and that law firm or Zucker and that law firm. And  
20 in fact, when <sup>u</sup>For<sup>u</sup>way was looking for other counsel, Zucker  
21 asked me if I had heard of the firm and asked me for my  
22 comments on the firm.

23 Q That was my next question. Did Zucker have their  
24 name before he talked to you or did you refer him to them?

1 A I believe the name had been given to him.

2 Q In terms of Mr. Zucker himself, you have had no  
3 further contact with him since October 1986; is that  
4 correct?

5 A To the best of my recollection, the last contact I  
6 had with Zucker would have been in October of 1986.

7 Q With regard to the publicity that is attached to  
8 Albert Hakim, General Secord, their interests, have you  
9 had occasion to talk with Mr. Zucker or anyone acting on  
10 behalf of Mr. Zucker about matters relating to Secord and  
11 Hakim since October of 1986?

12 A First of all, I assume you mean the publicity that  
13 has been appearing in the media with respect to your  
14 committee's hearings?

15 Q Correct.

16 A Other than discussing it as a newsworthy topic to  
17 colleagues, friends, et cetera, the answer to your  
18 question is no.

19 Q Nobody acting on behalf of Mr. Zucker has talked to  
20 you?

21 A That's right.

22 Q Let me turn to Albert Hakim. Do you know Mr.  
23 Hakim?

24 A I do not know him. I have heard of him.

1 Q Apart from what the newspapers have said of Mr.  
2 Hakim, in what context have you heard of Mr. Hakim?

3 A His name was mentioned to me, or came up in  
4 conversation with both Jacob Farber and Willard Zucker.

5 Q If I'm understanding you, you never had occasion to  
6 actually meet Hakim; is that right?

7 A That is correct.

8 Q You never had occasion to talk with Hakim on the  
9 telephone or communicate with him in writing, I take it?

10 A That is correct.

11 Q Hakim himself has never been a client of yours?

12 A That is correct.

13 Q In the fall of 1986, September or October of 1986,  
14 did you or your firm have any involvement in any business  
15 transaction between Forway and Hakim?

16 A Not to my knowledge.

17 Q Mr. Zink has told us that Mr. Hakim, to his  
18 knowledge, was traveling with Mr. Zucker and was in this  
19 area of New Jersey in the period September twenty-one  
20 through approximately September twenty-three. During that  
21 period of time when Zucker was here in town, did you have  
22 knowledge that Mr. Hakim and perhaps Mrs. Hakim were here  
23 also?

24 A That's the first I've heard of that.

1 Q Did you have any knowledge that Mr. Hakim was  
2 demonstrating a laser sight to For<sup>U</sup>way in the period Sunday  
3 through Tuesday, September twenty-one through September  
4 twenty-three, 1986?

5 A No.

6 Q I take it you did not have occasion to go to dinner  
7 or meet with Mr. and Mrs. Hakim after business hours on  
8 Sunday, Monday, Tuesday, on September twenty-one,  
9 twenty-two or twenty-three?

10 A That's true. I never met Mr. or Mrs. Hakim. I  
11 don't even know if there was a Mrs. Hakim.

12 Q In terms of where Zucker was staying, do you recall  
13 where he was staying during that trip in September in this  
14 area?

15 A I thought, I believe he mentioned that he was  
16 staying at the residence of friends. The night before the  
17 September twenty-seventh meeting, I believe, I recollect  
18 he said he stayed with friends in the North Jersey or the  
19 New York City area. And I don't recall if he mentioned  
20 that subsequently he was going to be staying with friends  
21 in this area or if he was returning to the North Jersey  
22 and New York area to stay with friends. From what I  
23 understood, he quite often stayed at friends' residences,  
24 houses, apartments.

1 Q Did he ever identify to you who these folks might  
2 have been he was staying with?

3 A No.

4 Q Do you know from any other source who he might have  
5 been staying with during that period of time?

6 A I have a vague recollection of perhaps him  
7 providing me with a residential North Jersey telephone  
8 number where I could reach him. And I believe it was  
9 within that time frame.

10 Q Would you have documents that would still contain  
11 that telephone number at the present time?

12 A I haven't the slightest idea. I don't know whether  
13 it was just written down on a telephone message pad, that  
14 once it became superfluous I tossed it away or whether I  
15 had it in my notes of ongoing <sup>negotiations</sup> ~~instructions~~.

16 Q Let me make a request, if you could check what  
17 records you have to see if that telephone number is still  
18 extant, and we would like to have it.

19 With regard to locations where Mr. Zucker  
20 might have been, are you familiar with a hotel or motel  
21 known as the Gloucester Inn in Westville, New Jersey?

22 A I think I've seen advertisements in the newspaper  
23 for it. That's the extent of my familiarity.

24 Q Does the name Gloucester Inn give you any further

1 refreshed recollection as to where Mr. Zucker might have  
2 stayed in the September twenty-one through twenty-seven  
3 period?

4 A No.

5 Q Where is Westville, New Jersey, from here?

6 A To be perfectly frank, I'm not certain. I've only  
7 been down here for a few years. I believe it is  
8 southwest.

9 Q You indicated you checked your time sheets and  
10 found the Saturday which was Saturday, September  
11 twenty-seventh. The information we have from Mr. Zink is  
12 that Zucker came in with Hakim on September twenty-one,  
13 1986, which would be a Sunday; that he stayed in this area  
14 and did business with <sup>u</sup>Forway from that period until  
15 approximately September twenty-third; that he then left,  
16 either late Tuesday the twenty-second or late Wednesday,  
17 the twenty-third, and did not return to this area until  
18 Saturday, September twenty-seventh. Would your time  
19 sheets indicate to you whether or not you were meeting  
20 with Zucker beginning on or about Sunday, September  
21 twenty-one?

22 A My time sheets would reflect meetings that I had  
23 with individuals. It would reflect telephone conferences  
24 that I had with individuals. It would reflect

1 correspondence I had with individuals and other kinds of  
2 activities.

3 MR. KERR: Are they readily accessible? Is  
4 there some way you can look without too much  
5 difficulty at the week beginning September  
6 twenty-one to determine whether or not you were in  
7 contact and how you were in contact with Zucker  
8 during that week? I'm trying to determine whether  
9 or not Zink's story corresponds to what records or  
10 recollection you would have and try to determine  
11 where Zucker was during that week. Anything you  
12 could give me to help me in that regard would be  
13 much appreciated.

14 - - -

15 RECESS

16 - - -

17 THE WITNESS: In response to your request,  
18 I'm reviewing my daily time records for September  
19 1986 and note that apparently the first reference I  
20 have to Mr. Zucker is on September twenty-two,  
21 which indicates I had a conference with him. And  
22 because of the way the description is written, it  
23 would appear that that conference took place in  
24 this office.

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1                   The next reference appears on September  
2                   twenty-three, which indicates I had several  
3                   telephone conferences with Mr. Zucker as well as a  
4                   meeting with him and another individual. And those  
5                   activities consumed quite a few hours.

6 BY MR. KERR:

7 Q               The individual in question is not Mr. Hakim?

8 A               That is correct. The next reference appears on  
9               September twenty-five indicating that I had a telephone  
10              conference with Mr. Zucker.

11                   The next reference is on September twenty-six  
12              which indicates I had a telephone conversation with him on  
13              that date.

14                   We have already discussed the conference  
15              which I had with him and others on September  
16              twenty-seventh. The next entry is on September  
17              twenty-nine which indicates -- there is no reference on  
18              September twenty-nine.

19 Q              None to . . .

20 A              None to Mr. Zucker. It would appear that on  
21              September thirty I attempted to telephone Mr. Zucker but  
22              apparently was unsuccessful.

23 Q              Do you have references to the telephone numbers you  
24              were trying?

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1 A Not in these time records, no. That concludes my  
2 September entries. Are you looking for any others?

3 Q The only other dates would be up through October  
4 third.

5 A Okay. October first is the next entry with  
6 reference to Mr. Zucker. I had a telephone conversation  
7 with him on that date. On October two I had a telephone  
8 conference with Mr. Zucker. On October three I had a  
9 telephone conference with Mr. Zucker. The reason I'm  
10 pausing is there was a meeting in my office on October  
11 three, and my records don't indicate Mr. Zucker's  
12 attendance. But it was the type of meeting that I would  
13 have anticipated his presence being noted.

14 Q Let me just add one thought which may or may not  
15 help you recall. We have been told by Mr. Zink that Mr.  
16 Zucker, with regard to the buy out of Mr. Farber, gave his  
17 proxy to Mr. Clark and basically instructed Zink that  
18 Clark could act for Zucker in this transaction. He  
19 indicated that the date of the agreement buying out Mr.  
20 Farber was October third, 1986. Do those facts as related  
21 by Mr. Zink give you any further recollection as to who  
22 you might be meeting with on October third?

23 A What you just described to me may very well explain  
24 why Mr. Zucker was not in my office on the third. Though

1 without looking at other documents, I really couldn't  
2 confirm that. But that certainly is plausible.

3 Q Do you have any recollection of where it was that  
4 Mr. Zucker went to? Was he down in Florida or some other  
5 such place that you can recall where you were talking with  
6 him during this telephone conversation which you mentioned  
7 occurring after September twenty-seventh? Do you have any  
8 recollection at all?

9 A I really can't independently recollect. I know  
10 that over the course of the months that I had discussions  
11 with him, there were occasions where we spoke. He was in  
12 New York City at times. He was in Switzerland.

13 Q He got around.

14 A I believe he resides in Switzerland and has his  
15 offices there. I recall him indicating that at some  
16 point, and I don't recollect whether it was in the spring  
17 or the September time frame, that he was in Florida and it  
18 is quite likely that I spoke with him while he was there.

19 I don't recall if indeed -- I know he indicated he was in  
20 Florida. I can't recall precisely if I spoke to him or  
21 not with him being in Florida. And if I did, I further  
22 don't recall whether he placed the call to me or whether I  
23 placed the call to him in Florida.

24 Q Do you have any recollection of the nature of the

1 business that Zucker was doing in Florida when you  
2 contacted him in Florida, whenever it was, spring or fall?

3 A He may have mentioned casually that it involved  
4 either a prospective or an existing investment in, I  
5 believe, real estate.

6 Q Do you recall drawing any connection either because  
7 of what he said or by inference from what he said of a  
8 relationship between the investment he was going to  
9 discuss with the woman from Washington and the real estate  
10 investment he might have been pursuing in Florida?

11 A I don't recall drawing any such inference.

12 Q Let me just return to a couple of other things on  
13 the lady from Washington. As I understand your testimony,  
14 he never identified to you who the lady was?

15 A That is correct.

16 Q He never gave you an indication of her background  
17 that would allow her to be identified better, who she was  
18 married to, the nature of her line of work? Nothing in  
19 that regard?

20 A Other than she was a woman who was either a current  
21 or anticipated client who was talking about investment. I  
22 presume that it was not an insignificant one in that they  
23 were going out of their way to make these arrangements to  
24 meet.

1 Q With regard to how this woman got in contact with  
2 Zucker or became his client, did he indicate anything to  
3 you in that regard at all?

4 A Not at all.

5 Q As to who met with the woman, Zucker himself  
6 indicated that he went; is that right?

7 A Yes.

8 Q Did anybody else, to your knowledge, go with him to  
9 the airport or whatever to meet with this woman?

10 A He was in my office alone. He returned to my  
11 office alone. Whether someone else joined him at some  
12 point, I have no idea.

13 Q He did not mention anyone else that would have been  
14 with him on this journey out to meet with the woman from  
15 Washington?

16 A That's correct.

17 Q Did Mr. Zucker at any time mention to you a  
18 relationship that he had with Lieutenant Colonel Oliver  
19 North?

20 A I can't recollect any statement by him in that  
21 regard.

22 Q Did you know that there was such a thing as  
23 Lieutenant Colonel Oliver North as of September, October,  
24 1986?

1 A I don't believe so.

2 Q You had had no contact with either Colonel North  
3 himself or anyone acting on Colonel North's behalf, to  
4 your knowledge, as of that period of time?

5 A As of this or that period of time.

6 Q And with regard to Colonel North's family,  
7 including his wife, you had no knowledge of Colonel  
8 North's family including his wife as of September or  
9 October of 1986?

10 A As of then and today, correct.

11 Q And just to close it, in terms of what Mr. Zucker  
12 told you, he never mentioned Mrs. North as being the  
13 person with whom he was meeting on that Saturday in  
14 September of 1986?

15 A I don't recollect her name being mentioned by him  
16 at all.

17 Q Do you know a gentlemen by the name of Bob, Robert  
18 Fritchie?

19 A The name is not familiar to me.

20 Q Do you know a gentlemen by the name of Robert  
21 Dutton?

22 A The name is not familiar to me.

23 Q Do you have any knowledge of a business  
24 relationship that was discussed on behalf of Forway with a  
u  
o

1 company called American Arms Company?

2 A I don't have any precise recollection of any  
3 discussion.

4 Q Specifically, have you ever had any involvement  
5 with a discussion that For<sup>u</sup>way may have had with American  
6 Arms regarding production of a twenty-two caliber  
7 automatic weapon?

8 A The only reason I'm hesitating is it sounds like a  
9 name of a company of the type that they might have done  
10 business with, although I can't precisely say that it is a  
11 company that I know about that they did business with. So  
12 beyond that I can't say.

13 Q To be more precise, you don't have any knowledge, I  
14 take it, or any involvement in negotiations with Messrs.  
15 Dutton or a gentleman by the name of Goff with regard to  
16 production of an automatic weapon by For<sup>u</sup>way?

17 A No.

18 Q Do you know General Richard Secord?

19 A I certainly heard of him.

20 Q In connection with Forway, however, have you ever  
21 had occasion to be involved with General Secord or anyone  
22 acting on behalf of General Secord?

23 A No, I have not.

24 Q You have no knowledge of a transaction between

1 Forway and a firm of General Secord's relating to radio  
2 receivers?

3 A The reason I'm hesitating now, Mr. Kerr, is I think  
4 that you crossed the line over into attorney/client  
5 privilege. Whether or not I had any information on that,  
6 I think it would be appropriate for me not to comment. I  
7 certainly do not want you to infer from what I'm saying  
8 that there was such a relationship between For<sup>u</sup>way and  
9 Secord's company regarding radio receivers or that I had  
10 any information about it. But I think my comment negative  
11 or positive would be inappropriate.

12 Q Let me ask the question precisely. Mr. Zink told  
13 us there was a payment of a finder's fee to a company with  
14 which General Secord was associated called Stanford  
15 Technology Trading Group, International, STTGI, for short,  
16 and that that payment would have taken place, I believe,  
17 in 1986. Specifically do you have any knowledge of that  
18 transaction between STTGI and For<sup>u</sup>way?

19 A Again, Mr. Kerr, I think it would be inappropriate  
20 for me to comment on any specific knowledge I would have  
21 regarding transactions involving For<sup>u</sup>way. Although please  
22 do not infer from that that I have any information  
23 regarding this finder's fee which you just described.

24 Q In any event, though, as to General Secord you have



1 not had occasion to be in communication with him; is that  
2 correct?

3 A That is correct.

4 Q With regard to the woman that Mr. Zucker met on  
5 Saturday, September twenty-seventh, 1986, did he indicate  
6 to you in any fashion that he was meeting with her on  
7 behalf of or in conjunction with work he was doing with  
8 General Richard Secord?

9 A No, he did not.

10 Q Did you have any knowledge of a transfer of funds  
11 from a firm known as CSP associated with Mr. Zucker to  
12 <sup>u</sup>Forway Industries and through <sup>u</sup>Forway Industries to  
13 <sup>^</sup>Stanford Technology Trading Group which would have  
14 occurred in August of 1986?

15 A Once again I think it would be inappropriate  
16 because of my attorney/client relationship with Forway at  
17 that time to respond. Though please do not infer from  
18 that that I have knowledge one way or the other concerning  
19 your question.

20 Q Again, so that I understand, you do not recall ever  
21 having been in contact with Albert Hakim; is that correct?

22 A You are correct.

23 Q And the mention of this August transaction does not  
24 stir any further recollection or refresh your recollection

1 of contacts you would have had with Albert Hakim; is that  
2 correct?

3 A That is correct.

4 Q Are you familiar with a firm known as Hyde Park  
5 Square?

6 A No.

7 Q You are familiar with a firm known as Clark  
8 Management; is that correct?

9 A Yes.

10 Q You do know a gentleman by the name of Alfred  
11 Clark; is that correct?

12 A Yes.

13 Q You came to know Clark Management and Alfred Clark  
14 by virtue of the work you did for Forway and Mr. Farber?

15 A That's correct.

16 MR. KERR: I believe that covers it. On  
17 behalf of the Committee, please accept my thanks  
18 for being so cooperative and being a cooperative  
19 witness.

20 As I indicated when we were previously off  
21 the record, the Committee's policy is to maintain  
22 sole custody of the transcripts of its depositions,  
23 and these proceedings are considered by the  
24 Committee to be highly sensitive and confidential.

2

1 In that regard, I have a request, and that is, that  
2 you not reveal the content of this deposition to  
3 others. I can't require you to do that. I would  
4 certainly appreciate it if you would keep it  
5 confidential.

6 Beyond that, if you wish to review the  
7 transcript, there is something to be said for that,  
8 particularly in this kind of situation. We're  
9 doing this transcript on an expedited basis. I can  
10 certainly make the transcript available for you to  
11 review and make any contributions or changes you  
12 feel are appropriate. Although I would ask that no  
13 copies be made of the transcript. But if you would  
14 like to have it to review, I would frankly  
15 appreciate it if you would review it.

16 THE WITNESS: I will leave that to your  
17 prerogative. If you make a transcript available to  
18 me, I represent to you I will review it and check  
19 it for accuracy and make appropriate notations. If  
20 you find for Committee purposes or procedures that  
21 you prefer not, that's fine by me.

22 MR. KERR: I think particularly in the  
23 importance of this transcript, my preference would  
24 be we ask the reporter to provide you with a copy

1 and you make any changes on it and return it to the  
 2 reporter who will return it to me. But I would ask  
 3 that no copies of the transcript be made.

4 THE WITNESS: I understand.

5 MR. KERR: Thank you very much.

6 (Witness excused.)

7 - - -

8 TESTIMONY CLOSED

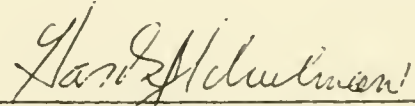
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I hereby certify that the proceedings,  
evidence and objections noted are contained fully and  
accurately in the notes taken by me in the hearing of the  
above matter, and that this is a correct transcript of the  
same.



HAROLD SCHULMAN  
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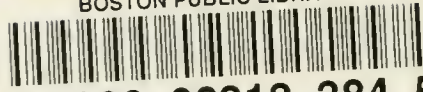








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